MPhil (Econ.) & MSc (Political Economy)
Dept. of Economics
National and Kapodistrian University of Athens

Ten Lectures in the History of Economic Thought

Winter Semester 2024-2025

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History of Economic Thought

Lecture 1: Introduction to HET

Nicholas J. Theocharakis

Lecture Outline

- The objective of the History of Economic Thought
- The role of the HET in the education of economists
- Methodology of economics
- A brief overview of the course of economic thought from antiquity to the 20th century

Introduction to the History of Economic Thought

The objective of the History of Economic Thought

The objective of the HET

- One of the objectives of the HET is to help students grasp how different economic theories originated and developed.
- Students should be able to comprehend how the economic theory they are currently taught came about in order to understand it better through the “early concepts” and by examining the reasoning that created them.
- They will be able to learn alternative views of mainstream economics and examine why scientific theories in the social sciences are dominant or marginalised.
- They should also be able to adopt a critical stance towards the different doctrines of economic thought

The objective of HET

- The approach of the course is historical and analytical. The evolution of economic thought is presented as a successive series of changes in the perception and view of the nature of the socio-economic process. These changes in the "vision" (Schumpeter) of the dominant version of economic thought entail the construction of new analytical concepts and categories and a new theoretical model for their articulation.

- The course, therefore, emphasises the historical character of economic theories and how actual socio-economic phenomena shape the development of economic theory.

The objective of HET

- Students will, therefore, be able to understand that the production of science is a social process which is related to
  - the logical consistency and internal coherence of each theory and its ability to examine social and economic phenomena, but also
  - its relationship with its economic, social, political, and ideological environment

Introduction to the History of Economic Thought

The role of the HET in the education of economists

The role of HET in the education of economists

- In recent years, there has been a growing tendency in most universities, particularly in the Anglo-Saxon world, not to include the teaching of HET in their undergraduate and postgraduate curricula.
- In the USA, the major universities, except for Duke, have stopped teaching it in economics departments. The same is true in the UK.

The role of the HET in the education of economists

- Retiring professors are seeing the courses they taught discontinued. At the same time, the major economics journals have stopped accepting articles on the HET, which now has specialised journals that are not even highly ranked.
- The reason provided for this neglect of the HET is that there is only one "correct" theory: mainstream neoclassical economics.
- Therefore, there is no reason to 'burden' students with learning "false and outdated" theories of the past. They have "more important" techniques to learn, e.g., financial econometrics.

The role of HET in the education of economists

- There is, of course, a counterargument. Students of economics should learn the history of economic thought for three reasons:
  - Pedagogical: We can better understand existing theories if we know how they were formed (Gordon)
  - Creating research culture: We gain a better understanding of how the human mind works and generate a commitment to knowledge acquisition (Viner)
  - We get ideas of how to solve current problems by knowing how great minds of the past had faced similar issues [log room] (Schumpeter)

The role of HET in the education of economists

- I believe that the most crucial reason for the exclusion of HET from the curricula of modern economics departments is that the dominant orthodoxy has associated HET with alternative "heterodox" theories (such as Marx, Keynes, and Sraffa) and can thereby exclude pluralism from universities without having to confront alternative approaches scientifically.
- Since mainstream theory has been incapable of predicting and explaining the current economic crisis, it is inappropriate, to say the least, to try to exclude alternatives to its doctrines.

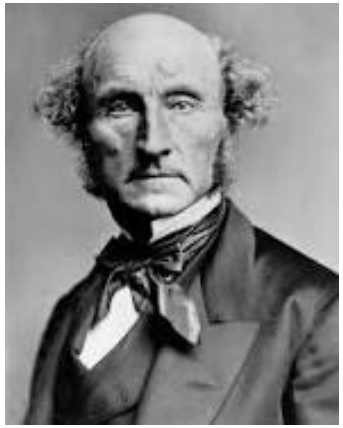
Introduction to the History of Economic Theory

Methodology of Economics

Methodology of Economics

- What is the subject-matter of economic science?
- How does economics differ from other sciences?
- How does science progress?
- What are the criteria for accepting or rejecting scientific theories?
- Questions that we will deal with in this course

What is the subject of economic science?



John Stuart Mill
(1806-1873)

ESSAYS

ON

SOME UNSETTLED QUESTIONS

OF

POLITICAL ECONOMY.

ESSAY V.

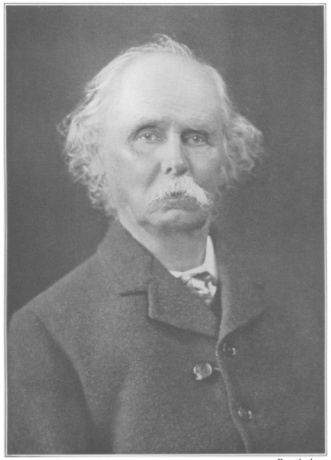
ON THE DEFINITION OF POLITICAL ECONOMY; AND ON THE METHOD OF INVESTIGATION PROPER TO IT.

The definition of a science has almost invariably not preceded, but followed, the creation of the science itself. Like the wall of a city, it has usually been erected, not to be a receptacle for such edifices as might afterwards spring up, but to circumscribe an aggregation already in existence. Mankind did not

1844

What is the subject of economics?

- Alfred Marshall: “Political economy, or economics, is a study of man's actions in the "ordinary business of life." It inquires how he gets his income and how he uses it. Thus it is on the one side a study of wealth and on the other, a more important side, a part of the study of man."



ALFRED MARSHALL, 1921. *Frontispiece.*

Alfred Marshall
(1842-1924)

PRINCIPLES

OF

ECONOMICS

BY

ALFRED MARSHALL,

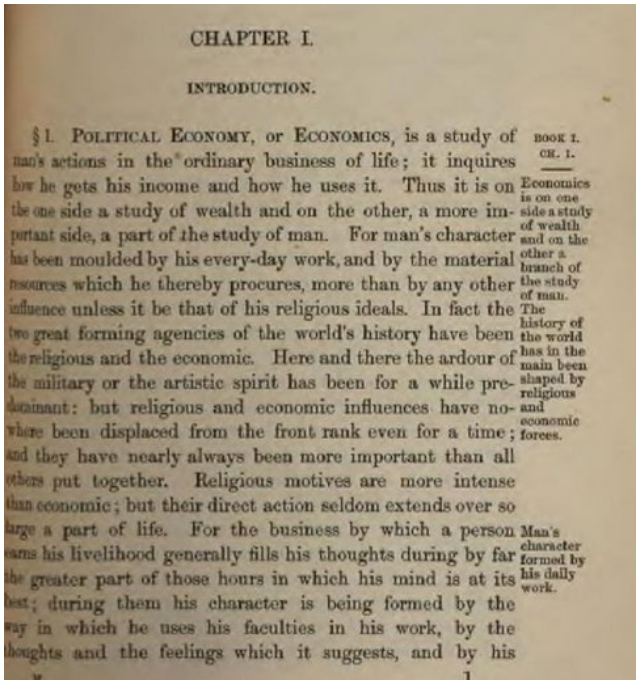
PROFESSOR OF POLITICAL ECONOMY IN THE UNIVERSITY OF CAMBRIDGE;
FELLOW OF ST JOHN'S COLLEGE, CAMBRIDGE;
SOMETIME FELLOW OF BALLIOL COLLEGE, OXFORD.

VOL. I.

Natura non facit saltum.

London:
MACMILLAN AND CO.
AND NEW YORK.
1890

[*All Rights reserved*]



CHAPTER I.

INTRODUCTION.

BOOK I. CH. I.

§ 1. POLITICAL ECONOMY, or ECONOMICS, is a study of man's actions in the ordinary business of life; it inquires how he gets his income and how he uses it. Thus it is on the one side a study of wealth and on the other, a more important side, a part of the study of man. For man's character has been moulded by his every-day work, and by the material resources which he thereby procures, more than by any other influence unless it be that of his religious ideals. In fact the two great forming agencies of the world's history have been the religious and the economic. Here and there the ardour of the military or the artistic spirit has been for a while predominant: but religious and economic influences have nowhere been displaced from the front rank even for a time; and they have nearly always been more important than all others put together. Religious motives are more intense than economic; but their direct action seldom extends over so large a part of life. For the business by which a person earns his livelihood generally fills his thoughts during by far the greater part of those hours in which his mind is at its best; during them his character is being formed by the way in which he uses his faculties in his work, by the thoughts and the feelings which it suggests, and by his

Economics is on one side a study of wealth and on the other a branch of the study of man.

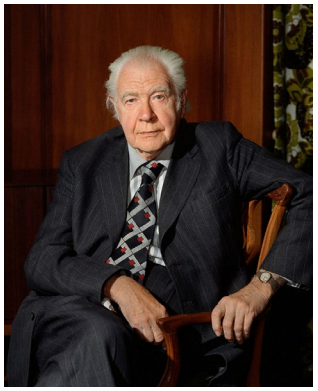
The history of the world has in the main been shaped by religious and economic forces.

Man's character formed by his daily work.

First page from *Principles of Economics* 1890

What is the subject of economics?

- Definitions are not always “neutral”. They often prejudge the theoretical view of the author.
- Thus, Richard Whately, in 1831, in his *Introductory Lectures on Political Economy*, wanted to call political economy "Catallactics, or the 'Science of Exchanges'".
- One hundred years later, Lionel Robbins, in his *Essay on the Nature and Significance of Economic Science* (1932), defines economics as “the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses”.



Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.[1]

What is the subject of economics?

- Roger E. Backhouse and Steven G. Medema in their article on the definition of economics state that there is no single definition. In modern textbooks the definition is related to “the study of the economy, the study of coordination, the study of the effects of scarcity, the science of choice and the study of human behavior.”
- They conclude that: “Modern economists do not subscribe to a homogeneous definition of their subject. At a time when economists are tackling subjects as diverse as growth, auctions, crime, and religion with a methodological toolkit that includes real analysis, econometrics, laboratory experiments, and historical case studies, and when they are debating the explanatory roles of rationality and behavioral norms, any concise definition of economics is likely to be inadequate”
- Jacob Viner: "economics is what economists do".
- The definitions reflect the direction the authors want the science to go.

Roger E. Backhouse and Steven G. Medema. 2009. "Retrospectives: on the Definition of Economics." *Journal of Economic Perspectives*, 23(1): 221-33.
https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.23.1.221

How does economics differ from the sciences?

- Economics is a social science.
- Distinction between humanities/social sciences and natural sciences *Geisteswissenschaften* vs *Naturwissenschaften*
- The scope of economic science is changing. Is this a reason for different scientific categories, or is there a universality of scientific economic laws?
- Relative impossibility of experiment.
- Distinction between positive and normative economics. Freedom from value judgments. Is it feasible?
- Values enter into the formation of even the most technical issues, even if scientists are not consciously committed to a political ideology. [Experiments with economics students]
- Economic theory influences the behavior of economic actors.

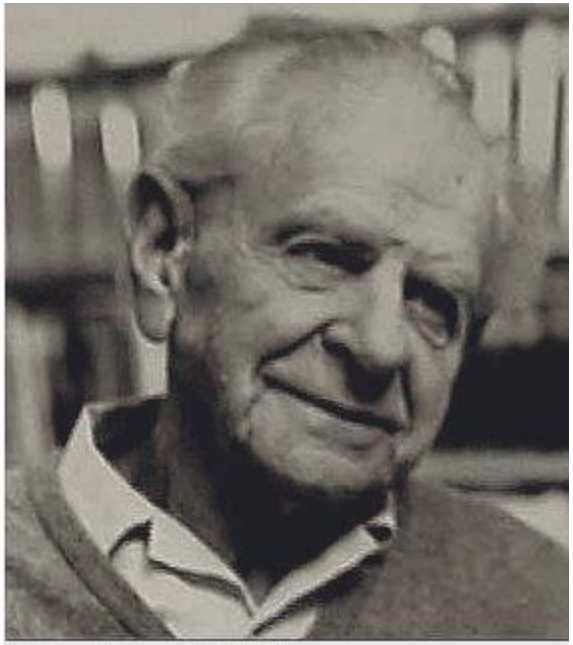
How does science progress? Criteria for acceptance or rejection

- Two fundamental alternative conceptions of the progress of science:
  1. The cumulative view
  2. The competing view
- According to the **cumulative view**, each new generation of scientists corrects the errors of the previous generation and adds to the accumulated pool of knowledge. We stand on the shoulders of giants but see beyond their horizon. It is like a snowball that gathers more snow as it descends the slope. According to this logic, the history of a scientific field does not help to understand it better.
- This concept is related to the interwar **Vienna Circle** and **positivism**.
- Difference between **analytical** (*a priori*/mathematical) and **synthetic** (*a posteriori*/scientific) propositions.
- Any proposition that cannot be empirically verified is **metaphysical**.

How is science progressing? Criteria for acceptance or rejection

- The problem with positivism is that scientific propositions cannot be **verifiable**.
- The problem of **induction**.
- **Karl Popper**'s critique.
- Scientific propositions can only be **falsifiable**.
- Scientists should express their propositions in a way that can be empirically tested.
- If a scientific hypothesis is disproved, a new hypothesis is formulated.
- However, the theory at the core cannot be falsified because we can always make new propositions from the same theory by changing the auxiliary assumptions.

How does science progress?
Criteria for acceptance or rejection



Sir Karl Popper (1902-1994)

Karl Popper
(1902-1994)

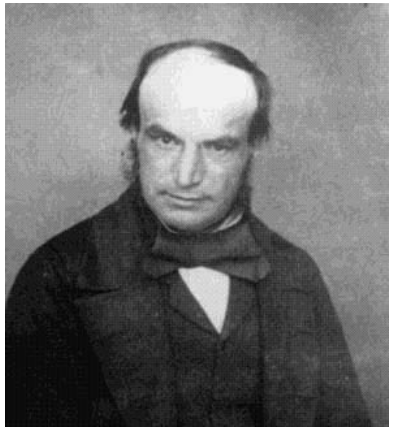
Logik der Forschung, Vienna: 1935
The logic of scientific discovery

Example

The discovery of the planet Neptune from observing the orbit of the planet Uranus in the mid-19th century.

Newton's theory was not disproved, a new hypothesis was made that there is another planet influencing the orbit.

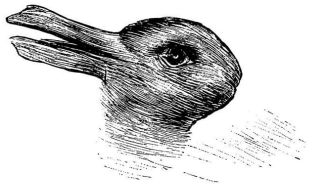
Urbain Le Verrier
(1811-1877)
French astronomer who discovered Neptune



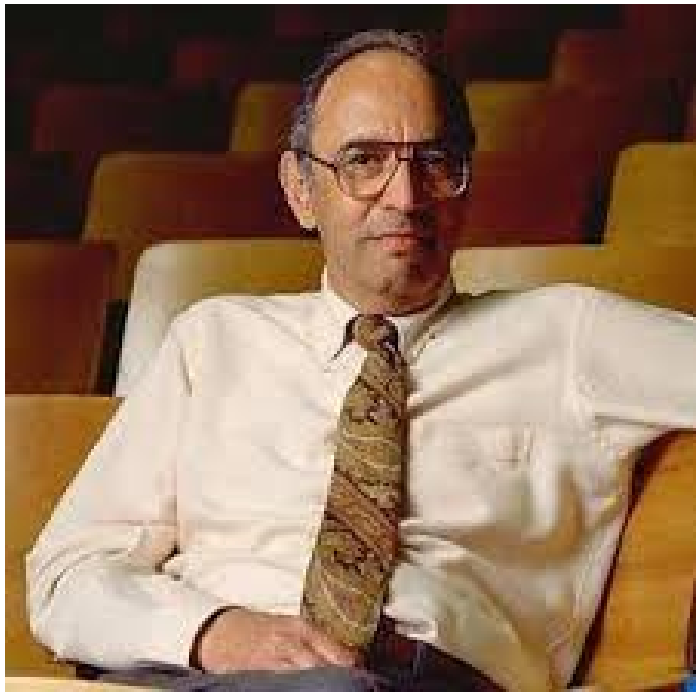
John Couch Adams
(1819 -1892)
English astronomer who independently made the same discovery

How does science proceed? Criteria for acceptance or rejection

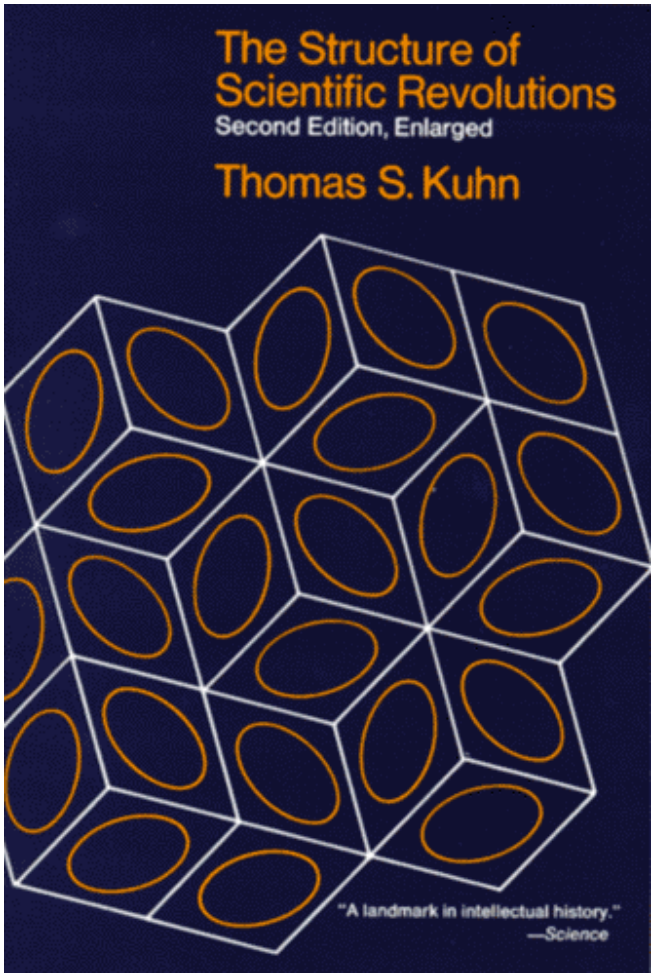
- **The competing view**
- Science proceeds not by accumulating new knowledge but by formulating alternative theories that are in conflict.
- The predominance of a theory depends on its ability to explain phenomena better and on the organization of the scientific community
- Thomas S. Kuhn (1922-1996): *The structure of scientific revolutions* (1962).
- Differences in theoretical **paradigms**
- **Normal science**, **puzzle solving**, **anomalies**, ***Gestaltswitch***



How does science proceed?
Criteria for acceptance or rejection



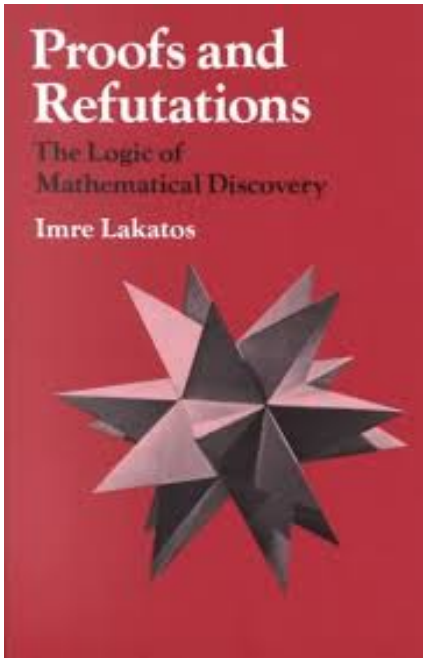
Thomas S. Kuhn
(1922 – 1996)

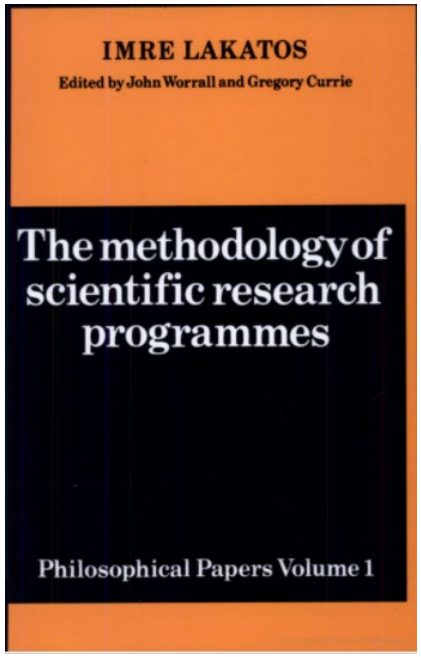


How does science proceed?
Criteria for acceptance or rejection

Imre Lakatos

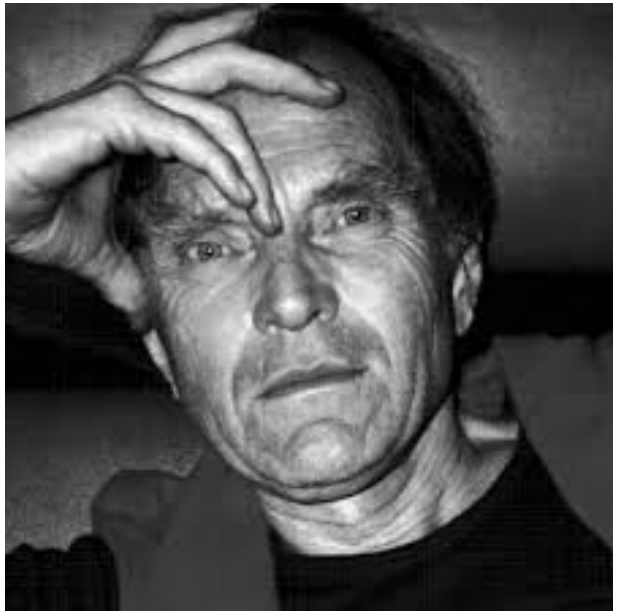
(1922 –1974)



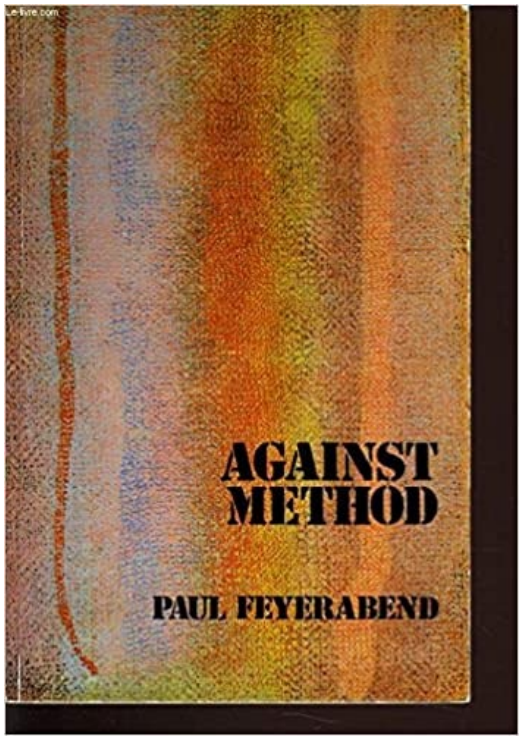

IMRE LAKATOS
Edited by John Worrall and Gregory Currie
The methodology of scientific research programmes
Philosophical Papers Volume 1

History of Economic Thought | How & How NOT to Do Economics with Robert Skidelsky
https://www.youtube.com/watch?v=x4Y4DvpUIlo

How does science proceed? Criteria for acceptance or rejection

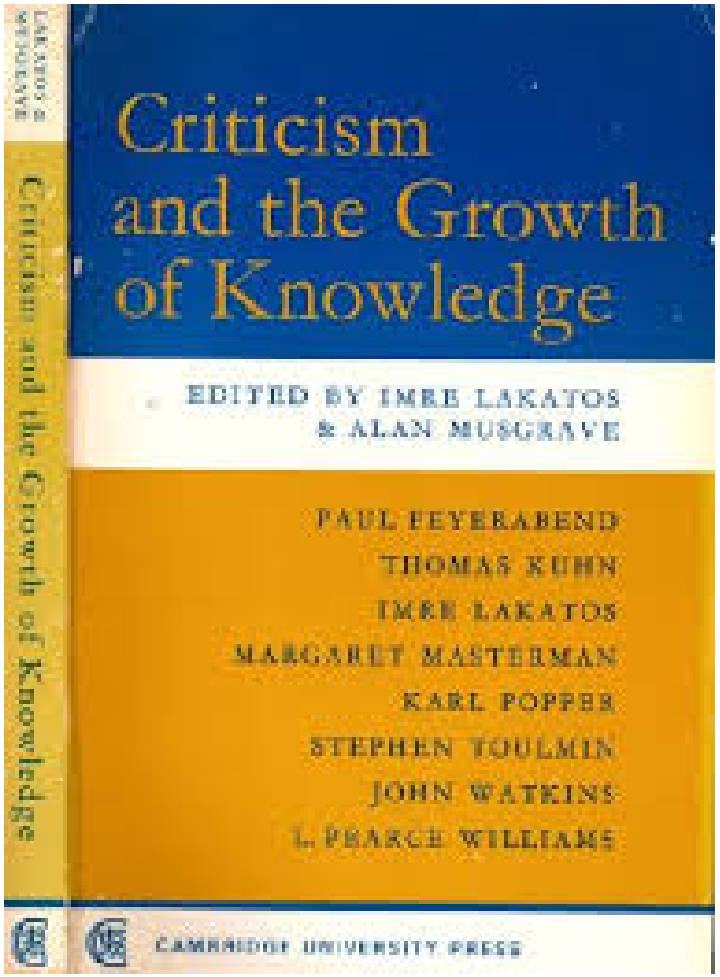


Paul K. Feyerabend
(1924–1994)



Against Method: Outline of an Anarchistic Theory of Knowledge

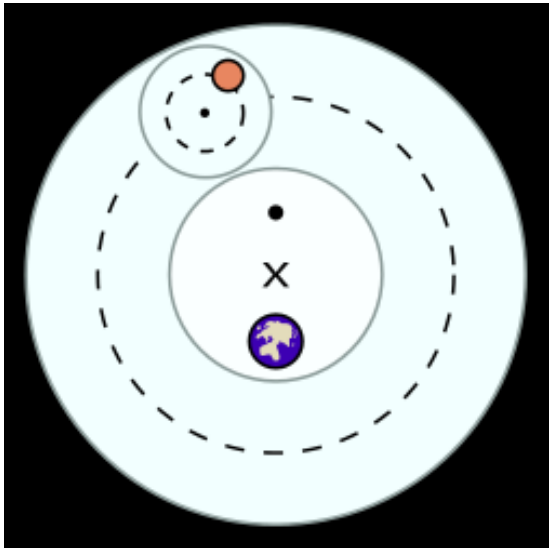
How does science proceed?
Criteria for acceptance or rejection



Example

Difference between Ptolemaic (geocentric) and Copernican (heliocentric) systems.

The prevalence of the heliocentric system was not immediately accepted



Deferents and epicycles in the geocentric system

NICOLAI CO
PERNICI TORINENSIS
DE REVOLVTIONIBVS ORBI
um cœleſtium, Libri VI.

Habes in hoc opere iam recens natо, & ædito, ſtudioſe lector, Motus ſtellarum, tam fixarum, quàm erraticarum, cum ex ueteribus, tum etiam ex recentibus obſeruationibus reſtitutos: & nouis inſuper ac admirabilibus hypotheſibus ornatos. Habes etiam Tabulas expeditiſſimas, ex quibus eoſdem ad quoduis tempus quàm facilli me calculare poteris. Igitur eme, lege, fruere.

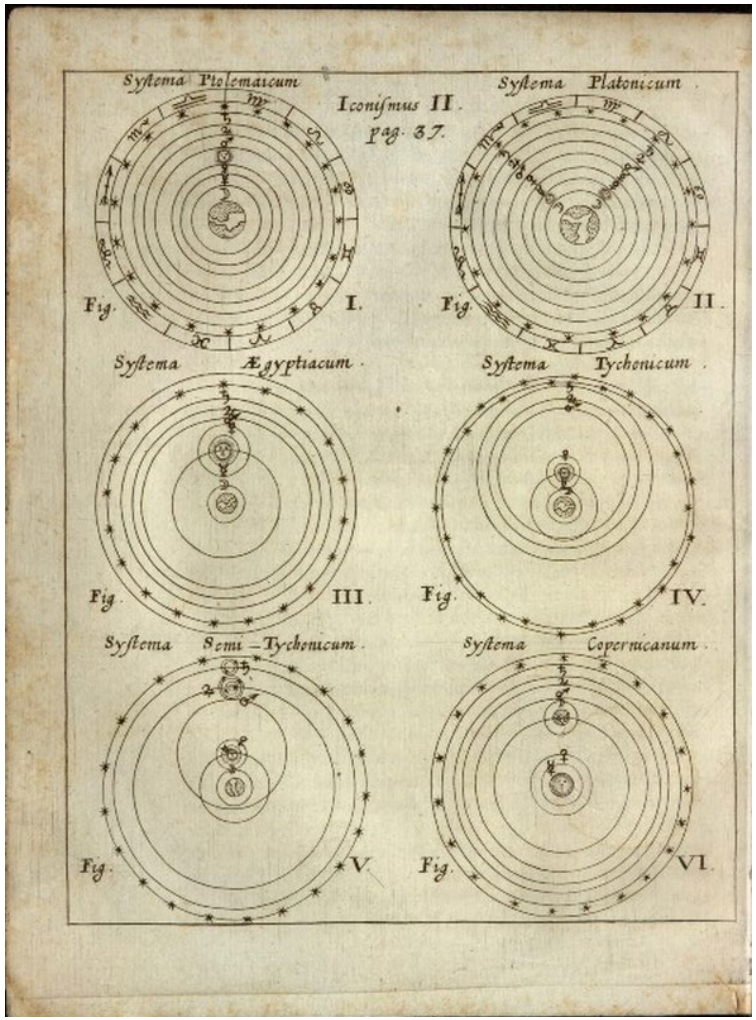
Norimbergæ apud Ioh. Petreium,
Anno M. D. XLIII.

Copernicus' book *On the Revolutions of the Heavenly Spheres* 1543

Example

Alternative models of the planetary system

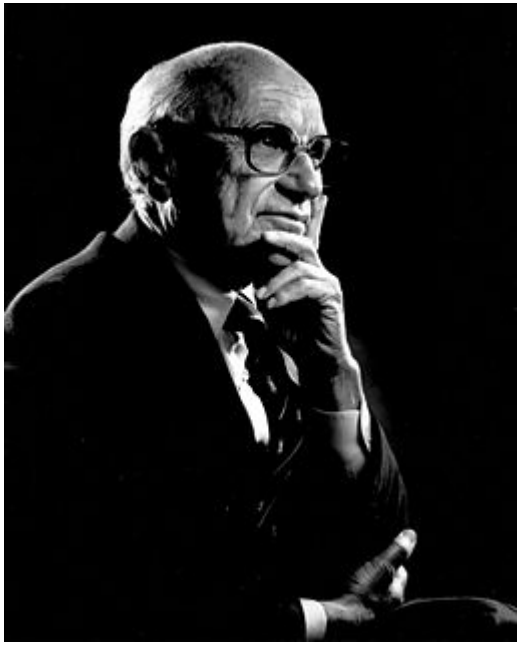
Athanasius Kircher, *Iter exstaticum coeleste* [Ecstatic journey to heaven], 1660.



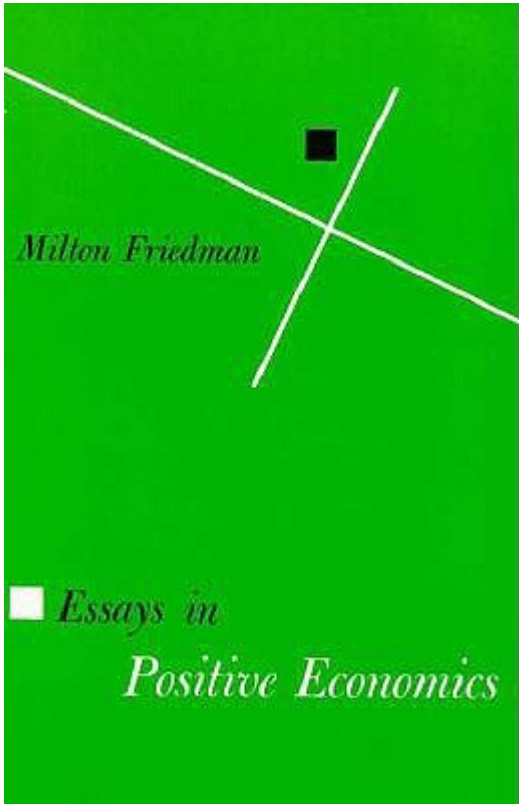
How does science proceed? Criteria for acceptance or rejection

- **The competing point of view**
- Imre Lakatos (1922-1974)
- Research projects
- Milton Friedman (1912-2006), [*Essays in Positive Economics*, "Part I - The Methodology of Positive Economics", University of Chicago Press (1953), 1970, pp.3-43]
- It is not the plausibility of the hypotheses that matters, it is the ability of the theory to predict phenomena.

How does science proceed? Criteria for acceptance or rejection



Milton Friedman
(1912–2006)



How does science proceed? Criteria for acceptance or rejection

The view of Joseph A. Schumpeter (1883-1950)

History of Economic Analysis, 1954.

Economic research goes through three stages.

1. "Vision": Pre-analytic cognitive act
2. Conceptualization "to express the vision in words and to capture it in such a way that the elements take their places, are named so that they can be recognized and manipulated into a more or less shape or picture that has some order".
3. The creation of scientific models

Issues that will concern us

- Methodological individualism
- Individuals or classes or institutions?
- Unintended consequences
- History of economic laws and construction of economic categories
- Relationship of individuals to each other or to goods (subjectivity)
- Concept of equilibrium
- Concept of value
- Harmony of the economic system

Oikonomia,
political economy,
economics

The word economic [oeconomic] (οἰκονομικός) or economy [oeconomy] (οἰκονομία) comes from the word οἶκος [*oikos*] and the root νεμ- [*nem*-]

οἶκος + νεμ-> οἰκονομ-ία
οἰκονομ-ικός

In Greek *oikos* means the house, but also the autarkic, or self sufficient, economic unit or household, while the verb *nemo* means to dispense, divide, assign, administer

See entries in *The Liddell, Scott, Jones Ancient Greek Lexicon* (LSJ)

οἰκονομία https://lsj.gr/wiki/%CE%BF%E1%BC%B0%CE%BA%CE%BF%CE%BD%CE%BF%CE%BC%CE%AF%CE%B1

οἶκος https://lsj.gr/wiki/%CE%BF%E1%BC%B6%CE%BA%CE%BF%CF%82

νέμω https://lsj.gr/wiki/%CE%BD%CE%AD%CE%BC%CF%89

In ancient Greek the word *economy* [*oikonomia*] had a different meaning, as can be seen from its definition in the *Liddell-Scott-Jones Lexicon*

οἰκονομ-ία , ἡ,
A. management of a household or family, husbandry, thrift, Pl.Ap.36b, R.498a, X.Oec.1.1, Arist.EN1141b32, Pol.1253b2 sqq. : pl., Pl.R.407b ; households, Arist.GA744b18.

2. generally, direction, regulation, Epicur.Ep.1p.29U. ; esp. of a State, administration, αἱ κατὰ τὴν πόλιν οἰ. Din.1.97 ; principles of government, Chrysipp.Stoic.2.338 ; τῶν γεγονότων Plb.1.4.3 , al. ; πολιτικὴ οἰ. Phld.Rh. 2.32 S. ; ἡ τῆς ἀρχῆς οἰ. Hdn.6.1.1 ; of a fund, SIG577.9 (Milet., iii/ii B.C.).

3. arrangement, ἡ περὶ τὸν νοσέοντα οἰ. Hp.Epid.6.2.24 ; ἡ περὶ τῶν ὠνίων οἰ. market, fair, SIG695.35 (Magn. Mae.) ; οἰκονομίαι proceedings, IG9(1).226 (Drymaea) ; τίνα οἰκονομίαν προσαγήγοχας what steps you have taken, PCair.Zen.240.10 (iii B. C.) ; αὕτη φύσεως οἰ. Plb.6.9.10 ; of a literary work, arrangement, ἡ κατὰ μέρος οἰ. D.S.5.1 , cf. D.H.Pomp.4, Comp.25, Sch.Od.1.328 : pl., Plu.2.142a.

4. in Egypt, office of οἰκονόμος, PTeb.24.62 (ii B.C.), al.

5. stewardship, LXX Is.22.19, Ev.Luc.16.2.

6. plan, dispensation, Ep.Eph.1.10, 3.2.

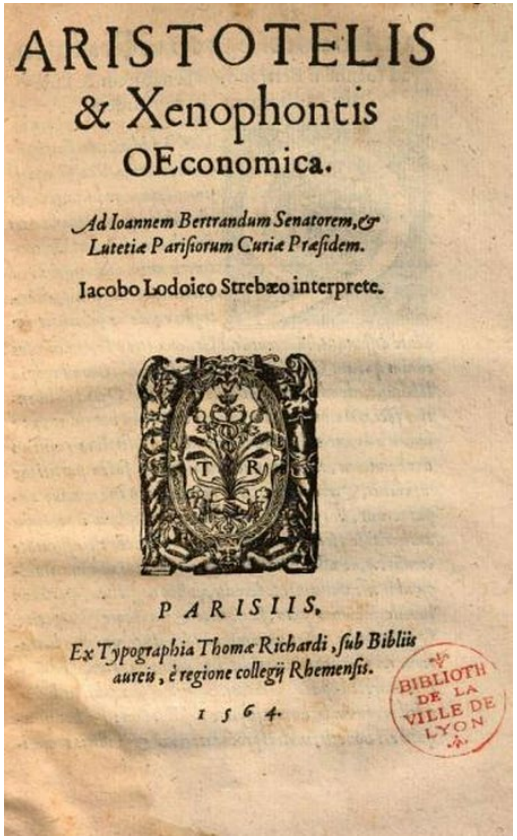
7. in bad sense, scheming, M.Ant. 4.51.

II. public revenue of a state, BMus.Inscr.897.14, al. (Halic., iii B.C.).
III. transaction, contract, or legal instrument, CPR4.1 (i A. D.), BGU457.10 (ii A. D.), etc.
IV. magical operation or process, PMag.Par.1.161,292,2009.

οἰκονομ-ικός , ή, όν,
A. practised in the management of a household or family, opp. πολιτικός, Pl.Alc.1.133e, Phdr.248d, X.Oec.1.3, Arist.Pol.1252a8, etc. : Sup., [κτημάτων] τὸ βέλτιστον καὶ-ώτατον, of man, Phld.Oec.p.30 J. : hence, thrifty, frugal, economical, X.Mem.4.2.39, Phylarch.65 J. (Comp.) : ὁ οἰ. title of treatise on the duties of domestic life, by Xenophon ; and τὰ οἰ. title of treatise on public finance, ascribed to Aristotle, cf. X.Cyr.8.1.14 : ἡ -κή (sc. τέχνη) domestic economy, husbandry, Pl.Plt.259c, X.Mem. 3.4.11, etc. ; οἰ. ἀρχή defined as ἡ τέκνων ἀρχὴ καὶ γυναικὸς καὶ τῆς οἰκίας πάσης, Arist.Pol.1278b38 ; applied to patriarchal rule, ib.1285b32. Adv.-κῶς Ph.2.426 , Plu.2.1126a ; also in literary sense, in a well ordered manner, Sch.Th.1.63.

Henry George Liddell. Robert Scott. *A Greek-English Lexicon*. revised and augmented throughout by Sir Henry Stuart Jones with the assistance of Roderick McKenzie. Oxford. Clarendon Press. 1940.

Thus, *economics* [*οἰκονομικὴ*] is the art or practice of managing the *oikos,* the household, in other words, what we would call *estate management.*


ARISTOTELIS
& Xenophontis
OEconomica.

Ad Ioannem Bertrandum Senatorem, & Lutetiæ Parisiorum Curiæ Præsidem.

Iacobo Lodoico Strebæo interprete.

T R

PARISIIS.

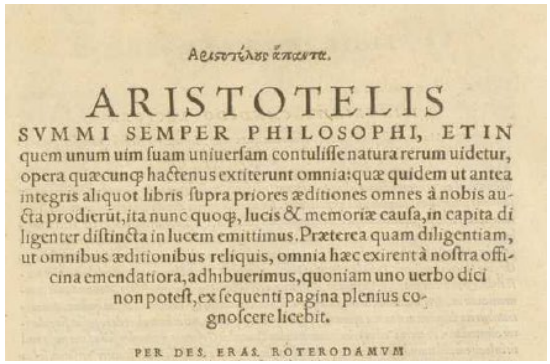
Ex Typographia Thomæ Richardi, sub Bibliis aureis, è regione collegij Rhemensis.

1564.

BIBLIOTH DE LA VILLE DE LYON

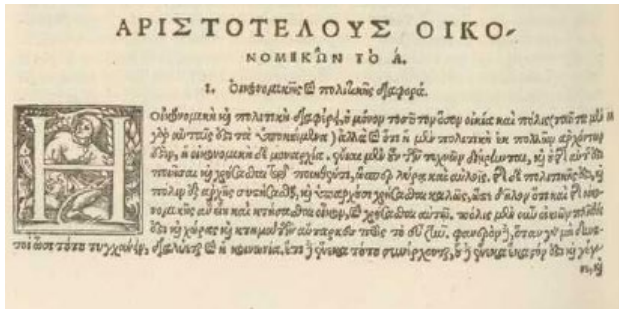
Combined edition of the economic books of Aristotle and Xenophon in Latin, Paris, 1564

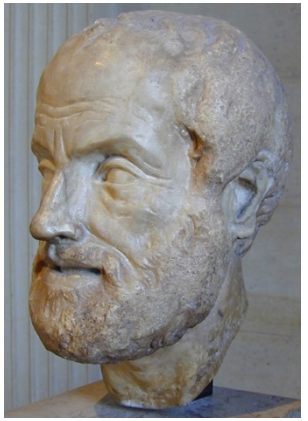
Thus the book *Economica* of (pseudo-)Aristotle are rendered in Latin as *de rebus domesticis* by Erasmus in the 1550 edition of the Collected Works of the Stagirite

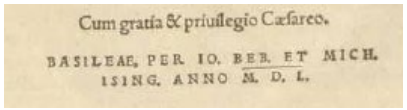

Ἀριστοτέλης ἅπαντα.

ARISTOTELIS
SVMMI SEMPER PHILOSOPHI, ET IN
quem unum uim suam uniuersam contulisse natura rerum uidetur,
opera quæcunq; hactenus extiterunt omnia: quæ quidem ut antea
integris aliquot libris supra priores æditiones omnes à nobis au-
cta prodierũt, ita nunc quoq; lucis & memoriæ causa, in capita di
ligenter distincta in lucem emittimus. Præterea quam diligentiam,
ut omnibus æditionibus reliquis, omnia hæc exirent à nostra offi-
cina emendatiora, adhibuerimus, quoniam uno uerbo dici
non potest, ex sequenti pagina plenius co-
gnoscere licebit.

PER DES. ERAS. ROTERODAMVM

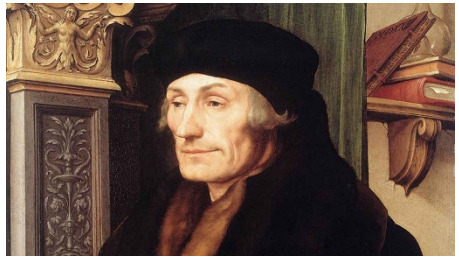

ΑΡΙΣΤΟΤΕΛΟΥΣ ΟΙΚΟ-
ΝΟΜΙΚΩΝ ΤΟ Α.




Cum gratia & priuilegio Cæsareo.

BASILEAE, PER IO. BEB. ET MICH.
ISING. ANNO M. D. L.

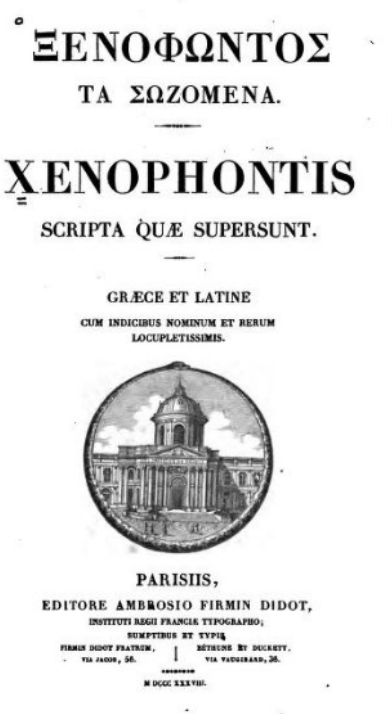
Πολιτικῶν βιβ. η΄ De rebus publicis, lib. VIII
Οἰκονομικῶν βιβ. β΄ De rebus domesticis, lib. II



Desiderius Erasmus Roterodamus (c. 1466 1536)

The *Oeconomicus* of Xenophon is rendered as *de administratione domestica* in Greek and Latin in the edition of Ambroise-FirminDidot.

https://archive.org/details/xenophontisscri00dbgoog/page/n10/mode/2up



ΞΕΝΟΦΩΝΤΟΣ

ΤΑ ΣΩΖΟΜΕΝΑ.

XENOPHONTIS

SCRIPTA QUÆ SUPERSUNT.

GRÆCE ET LATINE

CUM INDICIBUS NOMINUM ET RERUM LOCUPLETISSIMIS.

PARISIIS,

EDITORE AMBROSIO FIRMIN DIDOT,

INSTITUTI REGII FRANCIÆ TYPOGRAPHO;

SUMPTIBUS ET TYPIS

FIRMIN DIDOT FRATRUM, VIA JACOB, 56. | BETHUNE ET DUCHERY, VIA VAUGIRARD, 36.

M DCCC XXXVIII.

ΞΕΝΟΦΩΝΤΟΣ

ΟΙΚΟΝΟΜΙΚΟΣ.

ΚΕΦΑΛΑΙΟΝ Α.

Ἤκουσα δέ ποτε αὐτοῦ καὶ περὶ οἰκονομίας τοιάδε διαλεγομένου. Εἰπέ μοι, ἔφη, ὦ Κριτόβουλε, ἆρά γε ἡ οἰκονομία ἐπιστήμης τινὸς ὄνομά ἐστιν, ὥσπερ ἡ ἰατρικὴ καὶ ἡ χαλκευτικὴ καὶ ἡ τεκτονική; Ἔμοιγε δοκεῖ, ἔφη ὁ Κριτόβουλος. (2) Ἦ καὶ ὥσπερ τούτων τῶν τεχνῶν ἔχοιμεν ἂν εἰπεῖν ὅ,τι ἔργον ἑκάστης, οὕτω καὶ τῆς οἰκονομίας δυναίμεθ' ἂν εἰπεῖν ὅ,τι ἔργον αὐτῆς ἐστι; Δοκεῖ γοῦν, ἔφη ὁ Κριτόβουλος, οἰκονόμου ἀγαθοῦ εἶναι εὖ οἰκεῖν τὸν ἑαυτοῦ οἶκον. (3) Ἦ καὶ τὸν ἄλλου δὲ οἶκον, ἔφη ὁ Σωκράτης, εἰ ἐπιτρέποι τις αὐτῷ, οὐκ ἂν δύναιτο, εἰ βούλοιτο, εὖ οἰκεῖν, ὥσπερ καὶ τὸν ἑαυτοῦ; ὁ μὲν γὰρ τεκτονικὴν ἐπιστάμενος ὁμοίως ἂν καὶ ἄλλῳ δύναιτο ἐργάζεσθαι ὅ,τιπερ καὶ ἑαυτῷ, καὶ ὁ οἰκονομικός γ' ἂν ὡσαύτως. Ἔμοιγε δοκεῖ, ὦ Σώκρατες. (4) Ἔστιν ἄρα, ἔφη ὁ Σωκράτης, τὴν τέχνην ταύτην ἐπισταμένῳ, καὶ εἰ μὴ αὐτὸς τύχοι χρήματα ἔχων, τὸν ἄλλου οἶκον οἰκονομοῦντα ὥσπερ καὶ οἰκοδομοῦντα μισθοφορεῖν; Νὴ Δία καὶ πολύν γε μισθόν, ἔφη ὁ Κριτόβουλος, φέροιτ' ἄν, εἰ δύναιτο οἶκον παραλαβὼν τελεῖν τε ὅσα δεῖ καὶ περιουσίαν ποιῶν αὔξειν τὸν οἶκον. (5) Οἶκος δὲ δὴ τί δοκεῖ ἡμῖν εἶναι; ἆρα ὅπερ οἰκία, ἢ καὶ ὅσα τις ἔξω τῆς οἰκίας κέκτηται, πάντα τοῦ οἴκου ταῦτά ἐστιν; Ἔμοιγ' οὖν, ἔφη ὁ Κριτόβουλος, δοκεῖ, καὶ εἰ μηδ' ἐν τῇ αὐτῇ πόλει εἴη τῷ κεκτημένῳ, πάντα τοῦ οἴκου εἶναι ὅσα τις κέκτηται. (6) Οὐκοῦν καὶ ἐχθροὺς κέκτηνταί τινες; Νὴ Δία καὶ πολλούς γε ἔνιοι. Ἦ καὶ κτήματα αὐτῶν φήσομεν εἶναι τοὺς ἐχθρούς; Τελοῦν μεντἂν εἴη, ἔφη ὁ Κριτόβουλος, εἰ ὁ τοὺς ἐχθροὺς αὔξων προρρέοι καὶ μισθὸν τούτου φέροι. (7) Ὅτι τοι ἡμῖν ἔδοκει οἶκος ἀνδρὸς εἶναι ὅπερ κτῆσις. Νὴ

XENOPHONTIS

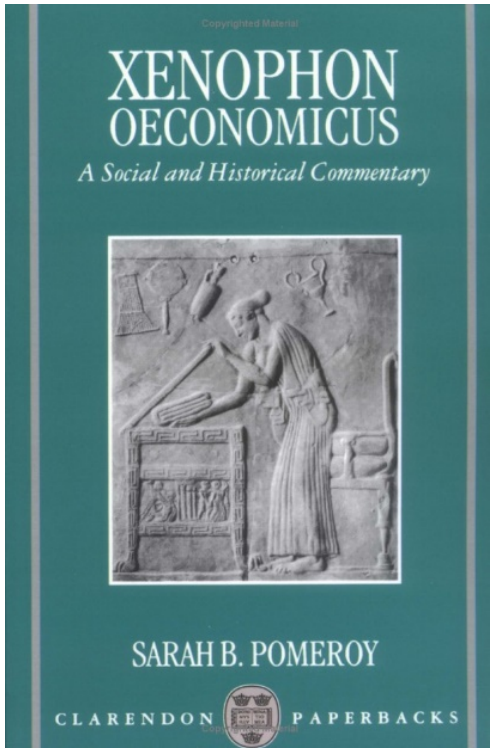
DE

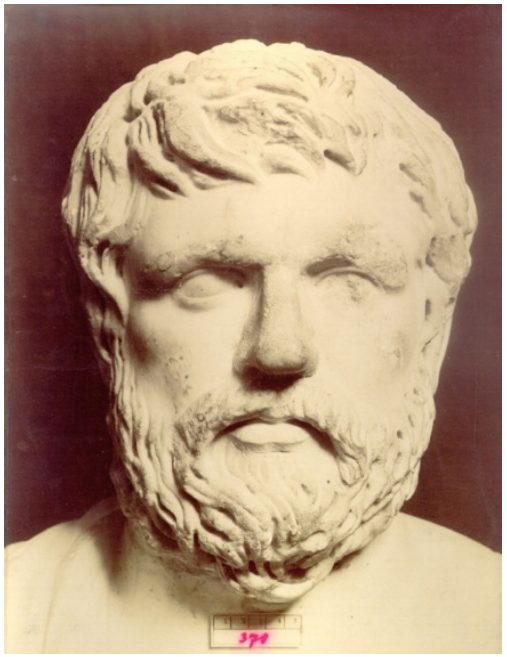
ADMINISTRATIONE DOMESTICA.

CAPUT I.

Audivi etiam Socratem aliquando de administratione rei familiaris hujusmodi quædam disserentem : Dic mihi, Critobule, inquit, estne rei familiaris administratio scientiæ alicujus nomen, ut ars medendi, ut ærariorum, ut fabrilis? Mihi quidem esse videtur, ait Critobulus. An etiam ut de his artibus singulis dicere possumus, quod sit opus cujusque; sic etiam quod domesticæ administrationis opus sit, indicare possimus? Videtur, ait Critobulus, boni patrisfamilias esse, domum suam recte colere. An non etiam alterius domum, inquit Socrates, si quis hanc ei committat, et velit ipse, recte colere perinde possit, ut suam? nam qui artem fabrilem tenet, etiam alii possit elaborare, quod sibi; idemque de administrationis familiaris perito dici potest. Ita mihi quidem, mi Socrates, videtur. Ergone peritus aliquis artis hujus, etiamsi facultates ipse nullas habeat, domum alterius administrando, perinde ut ædificando, pro mercede operam suam locare potest? Ita certe, ait Critobulus, adeoque mercedem amplam accipere possit, si domum sibi traditam perficiendo quæ poscit usus, et uberem rerum copiam efficiendo augere queat. Quid vero nobis videtur esse domus? num idem quod domicilium, an vero etiam illa omnia, quæ extra ædes suas quis possidet, domus appellatione veniunt? Mihi sic videtur, ait Critobulus, omnia domo comprehendi, quæ possidet aliquis, etiamsi non sint in eadem civitate, in qua possessor. Igitur etiam hostes aliqui possident? Etiam multos profecto nonnulli. Num igitur etiam hostes possessionem eorum dicemus? Ridiculum fuerit, inquit Critobulus, si quis hostes augendo, præterea mercedem eo nomine accipiat. At nobis videbatur, idem esse domum alicujus, et possessionem. Quidquid

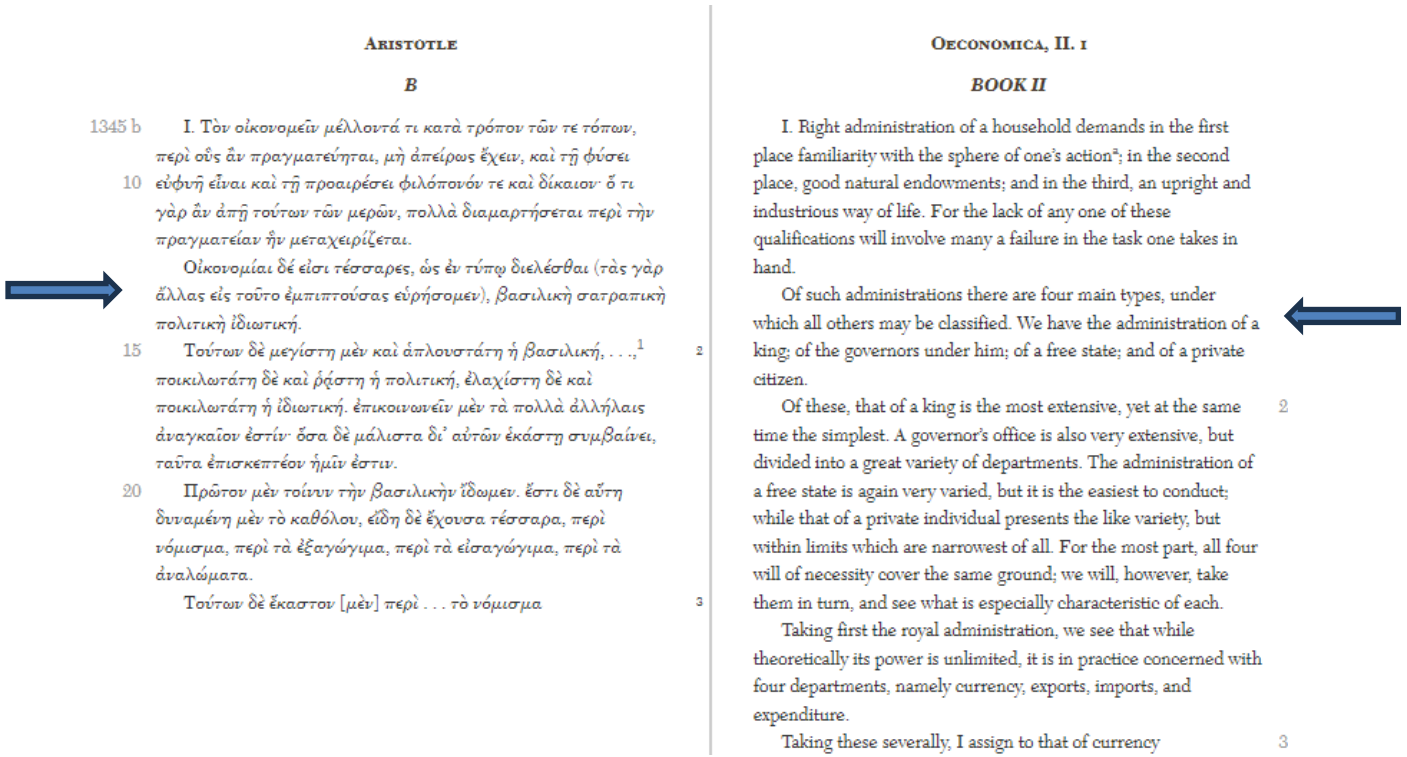
In English the term Oeconomicus is rendered as *Discourse on the skill of estate management in the modern edition of Sarah B. Pomeroy*





German version of the *Oeconomicus of* Xenophon, Hamburg, 1734

In Aristotle's *Oeconomica* we find a reference to four types of economies: royal, satrapic, political, and private



ARISTOTLE

B

1345 b I. Τὸν οἰκονομεῖν μέλλοντά τι κατὰ τρόπον τῶν τε τόπων, περὶ οὓς ἂν πραγματεύηται, μὴ ἀπείρως ἔχειν, καὶ τῇ φύσει εὐφυῆ εἶναι καὶ τῇ προαιρέσει φιλόπονόν τε καὶ δίκαιον· ὅ τι γὰρ ἂν ἀπῇ τούτων τῶν μερῶν, πολλὰ διαμαρτήσεται περὶ τὴν πραγματείαν ἣν μεταχειρίζεται.

Οἰκονομίαι δέ εἰσι τέσσαρες, ὡς ἐν τύπῳ διελέσθαι (τὰς γὰρ ἄλλας εἰς τοῦτο ἐμπιπτούσας εὑρήσομεν), βασιλικὴ σατραπικὴ πολιτικὴ ἰδιωτική.

Τούτων δὲ μεγίστη μὲν καὶ ἁπλουστάτη ἡ βασιλική, . . .,[1] 2
ποικιλωτάτη δὲ καὶ ῥᾴστη ἡ πολιτική, ἐλαχίστη δὲ καὶ ποικιλωτάτη ἡ ἰδιωτική. ἐπικοινωνεῖν μὲν τὰ πολλὰ ἀλλήλαις ἀναγκαῖον ἐστίν· ὅσα δὲ μάλιστα δι' αὐτῶν ἑκάστη συμβαίνει, ταῦτα ἐπισκεπτέον ἡμῖν ἐστιν.

Πρῶτον μὲν τοίνυν τὴν βασιλικὴν ἴδωμεν. ἔστι δὲ αὕτη δυναμένη μὲν τὸ καθόλου, εἴδη δὲ ἔχουσα τέσσαρα, περὶ νόμισμα, περὶ τὰ ἐξαγώγιμα, περὶ τὰ εἰσαγώγιμα, περὶ τὰ ἀναλώματα.

Τούτων δὲ ἕκαστον [μὲν] περὶ . . . τὸ νόμισμα 3

OECONOMICA, II. 1

BOOK II

I. Right administration of a household demands in the first place familiarity with the sphere of one's action[a]; in the second place, good natural endowments; and in the third, an upright and industrious way of life. For the lack of any one of these qualifications will involve many a failure in the task one takes in hand.

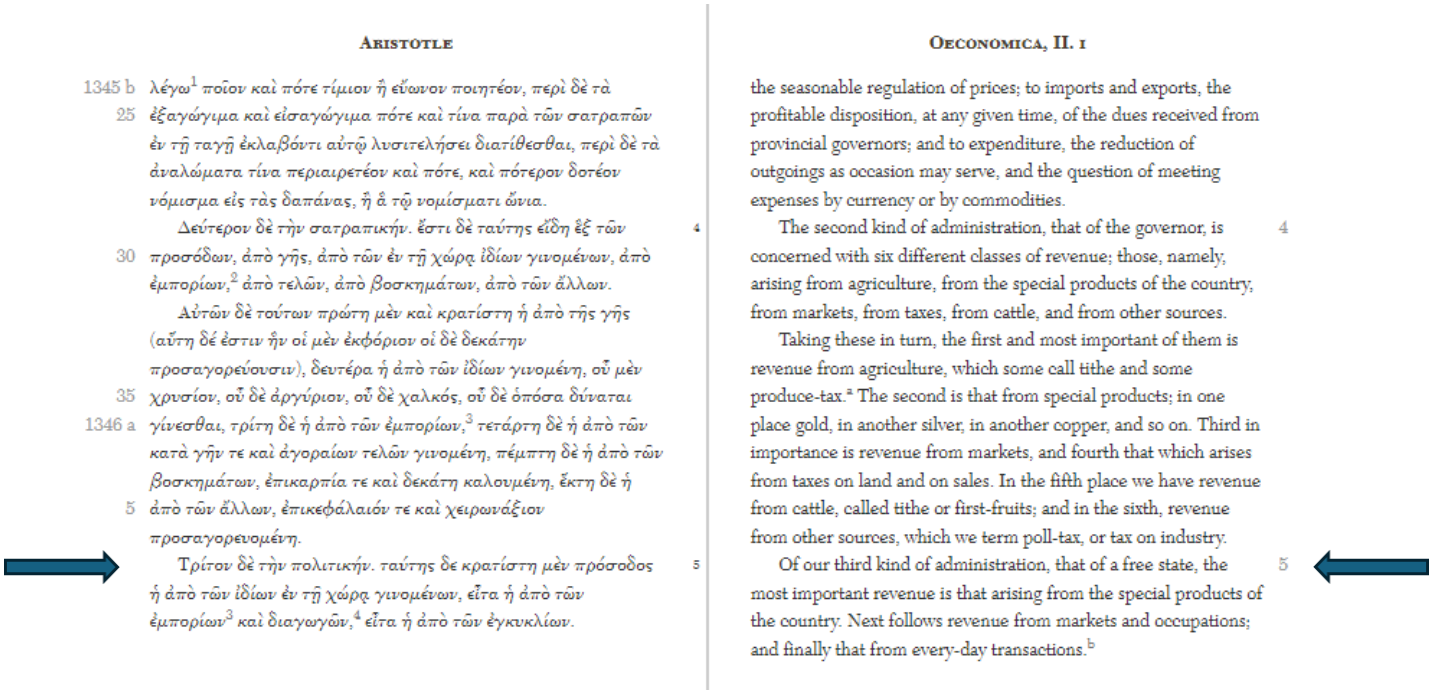
Of such administrations there are four main types, under which all others may be classified. We have the administration of a king; of the governors under him; of a free state; and of a private citizen.

Of these, that of a king is the most extensive, yet at the same 2
time the simplest. A governor's office is also very extensive, but divided into a great variety of departments. The administration of a free state is again very varied, but it is the easiest to conduct; while that of a private individual presents the like variety, but within limits which are narrowest of all. For the most part, all four will of necessity cover the same ground; we will, however, take them in turn, and see what is especially characteristic of each.

Taking first the royal administration, we see that while theoretically its power is unlimited, it is in practice concerned with four departments, namely currency, exports, imports, and expenditure.

Taking these severally, I assign to that of currency 3

“Political economy” [*politike oikonomia*] is the administration of the free city state, the *polis*



ARISTOTLE

1345 b λέγω[1] ποῖον καὶ πότε τίμιον ἢ εὔωνον ποιητέον, περὶ δὲ τὰ
25 ἐξαγώγιμα καὶ εἰσαγώγιμα πότε καὶ τίνα παρὰ τῶν σατραπῶν
ἐν τῇ ταγῇ ἐκλαβόντι αὐτῷ λυσιτελήσει διατίθεσθαι, περὶ δὲ τὰ
ἀναλώματα τίνα περιαιρετέον καὶ πότε, καὶ πότερον δοτέον
νόμισμα εἰς τὰς δαπάνας, ἢ ἃ τῷ νομίσματι ὤνια.

Δεύτερον δὲ τὴν σατραπικήν. ἔστι δὲ ταύτης εἴδη ἓξ τῶν 4
30 προσόδων, ἀπὸ γῆς, ἀπὸ τῶν ἐν τῇ χώρᾳ ἰδίων γινομένων, ἀπὸ
ἐμπορίων,[2] ἀπὸ τελῶν, ἀπὸ βοσκημάτων, ἀπὸ τῶν ἄλλων.

Αὐτῶν δὲ τούτων πρώτη μὲν καὶ κρατίστη ἡ ἀπὸ τῆς γῆς
(αὕτη δέ ἐστιν ἣν οἱ μὲν ἐκφόριον οἱ δὲ δεκάτην
προσαγορεύουσιν), δευτέρα ἡ ἀπὸ τῶν ἰδίων γινομένη, οὗ μὲν
35 χρυσίον, οὗ δὲ ἀργύριον, οὗ δὲ χαλκός, οὗ δὲ ὁπόσα δύναται
1346 a γίνεσθαι, τρίτη δὲ ἡ ἀπὸ τῶν ἐμπορίων,[3] τετάρτη δὲ ἡ ἀπὸ τῶν
κατὰ γῆν τε καὶ ἀγοραίων τελῶν γινομένη, πέμπτη δὲ ἡ ἀπὸ τῶν
βοσκημάτων, ἐπικαρπία τε καὶ δεκάτη καλουμένη, ἕκτη δὲ ἡ
5 ἀπὸ τῶν ἄλλων, ἐπικεφάλαιόν τε καὶ χειρωνάξιον
προσαγορευομένη.

Τρίτον δὲ τὴν πολιτικήν. ταύτης δε κρατίστη μὲν πρόσοδος 5
ἡ ἀπὸ τῶν ἰδίων ἐν τῇ χώρᾳ γινομένων, εἶτα ἡ ἀπὸ τῶν
ἐμπορίων[3] καὶ διαγωγῶν,[4] εἶτα ἡ ἀπὸ τῶν ἐγκυκλίων.

OECONOMICA, II. 1

the seasonable regulation of prices; to imports and exports, the profitable disposition, at any given time, of the dues received from provincial governors; and to expenditure, the reduction of outgoings as occasion may serve, and the question of meeting expenses by currency or by commodities.

The second kind of administration, that of the governor, is 4
concerned with six different classes of revenue; those, namely, arising from agriculture, from the special products of the country, from markets, from taxes, from cattle, and from other sources.

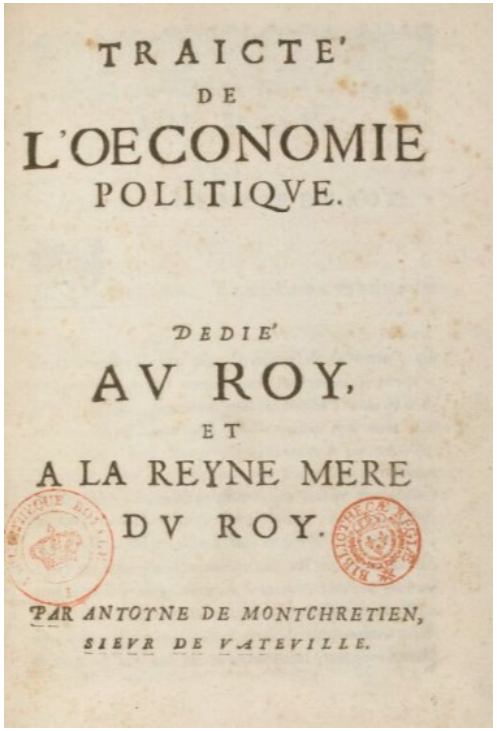
Taking these in turn, the first and most important of them is revenue from agriculture, which some call tithe and some produce-tax.[a] The second is that from special products; in one place gold, in another silver, in another copper, and so on. Third in importance is revenue from markets, and fourth that which arises from taxes on land and on sales. In the fifth place we have revenue from cattle, called tithe or first-fruits; and in the sixth, revenue from other sources, which we term poll-tax, or tax on industry.

Of our third kind of administration, that of a free state, the 5
most important revenue is that arising from the special products of the country. Next follows revenue from markets and occupations; and finally that from every-day transactions.[b]

In fact, *political economy in Aristotle* is what we would call today *Public Economics* and it examines the economic management of the the free city-state, the *polis*.

[*polis* (city state) > politics]

The term "*political economy*" would appear in European languages much later, as late as 1615, in the work *Traicté de l'oeconomie politique : dédié en 1615 au Roy et à la Reyne mère du Roy* by Antoyne de Montchretien, Sieur de Vateville


TRAICTE'
DE
L'OECONOMIE
POLITIQVE.

DEDIE'
AV ROY,
ET
A LA REYNE MERE
DV ROY.

PAR ANTOYNE DE MONTCHRETIEN,
SIEVR DE VATEVILLE.

http://catalogue.bnf.fr/ark:/12148/cb12198421g
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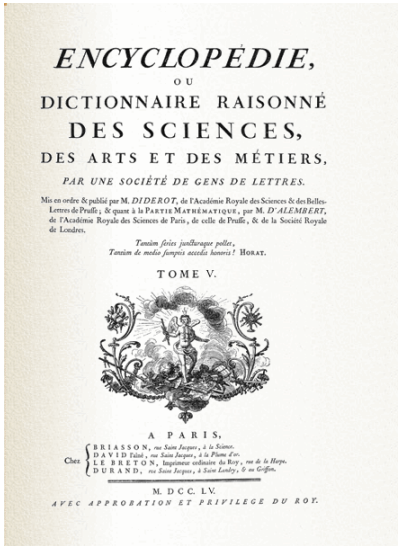
While even in the 18th century the use of the term *economy* and *economic* remains Aristotelian, the distinction between *private* (or domestic) economy and *political* economy is important.
Thus, Jean-Jacques Rousseau (1712-78) in his entry "political economy" for Diderot's *Encyclopaedia* writes:



ENCYCLOPEDIE,
OU
DICTIONNAIRE RAISONNÉ
DES SCIENCES,
DES ARTS ET DES MÉTIERS,
PAR UNE SOCIÉTÉ DE GENS DE LETTRES.

Mis en ordre & publié par M. DIDEROT, de l'Académie Royale des Sciences & des Belles-Lettres de Prusse; & quant à la PARTIE MATHÉMATIQUE, par M. D'ALEMBERT, de l'Académie Royale des Sciences de Paris, de celle de Prusse, & de la Société Royale de Londres.

Tantùm series juncturaque pollet,
Tantùm de medio sumptis accedit honoris! HORAT.

TOME V.

A PARIS,

Chez { BRIASSON, *rue Saint Jacques, à la Science.*
DAVID l'aîné, *rue Saint Jacques, à la Plume d'or.*
LE BRETON, *Imprimeur ordinaire du Roy, rue de la Harpe.*
DURAND, *rue Saint Jacques, à Saint Landry, & rue Gallande.*

M. DCC. LV.
AVEC APPROBATION ET PRIVILEGE DU ROY.

ECONOMIE *ou* **ŒCONOMIE**, (*Morale & Politique.*) ce mot vient de oikos, *maison*, & de nómos, *loi*, & ne signifie originairement que le sage & légitime gouvernement de la maison, pour le bien commun de toute la famille. Le sens de ce terme a été dans la suite étendu au gouvernement de la grande famille, qui est l'état. Pour distinguer ces deux acceptions, on l'appelle dans ce dernier cas, *économie générale*, ou *politique*; & dans l'autre, *économie domestique*, ou *particuliere*. Ce n'est que de la premiere qu'il est question dans cet article. Sur l'*économie domestique*, *voyez* PERE DE FAMILLE.

ECONOMY OR OECONOMY, (*Ethics & Politics*). This word is derived from *oikos, house,* and *nomos*, *law*, and originally meant the prudent and lawful management of the house, for the common good of the whole family. The meaning of this term was then extended to the management of the great family which is the state. In order to distinguish between these two concepts, we call the latter case the *general* or *political economy* , while the other case we call it the *domestic* or *private economy*. In this article we will consider only the first concept. For the *household economy*, see. See FATHER OF THE FAMILY.

https://artflsrv04.uchicago.edu/philologic4.7/encyclopedie0922/navigate/5/1278

https://www.files.ethz.ch/isn/125495/5020_Rousseau_A_Discourse_on_Political_Economy.pdf

ÉCONOMIE (*é-ko-no-mie*) s. f.
1. Bon ordre dans la conduite et l'administration de tout établissement qui s'alimente par la production et la consommation.
J. B. SAY., *Traité, 1841, p. 455*: L'économie est le jugement appliqué aux consommations
J. B. SAY., *ib.*: L'économie ne veut rien consommer en vain ; l'avarice ne veut rien consommer du tout
Économie domestique ou privée, administration d'un ménage privé, d'une maison.
J. J. ROUSS., *Hél. IV, 10*: C'est une erreur dans l'économie domestique, ainsi que dans la civile, que....
J. B. SAY, *Traité, 1841, p. 453*: L'économie privée nous enseigne à régler convenablement les consommations de la famille
Économie rurale, l'ensemble des règles et des moyens qui font obtenir de la terre la plus grande somme de produits, aux moindres frais, et pendant un temps indéterminé, ainsi que les principes qui doivent guider dans l'emploi de ces produits.
Économie politique, science qui traite de la production, de la distribution et de la consommation des richesses. Traité d'économie politique.
VOLT., *Lett. Morellet, 14 juillet 1769*: Il a quitté la théologie pour l'histoire, comme vous pour l'économie politique
J. B. SAY, *Cours, 1840, t. II, p. 510*: L'économie politique regarde les intérêts de quelque nation que ce soit, ou de la société en général
J. B. SAY, *ib. t. I, p. 1*: L'économie politique n'est pas autre chose que l'économie de la société

Traité d'économie politique, par A. DE MONT-CHRESTIEN, Rouen, 1615: L'économie politique paraît avoir désigné anciennement la politique théorique, ce qui a rapport à la constitution intérieure et extérieure des États
Économie publique ou nationale, observations et règles qui concernent les intérêts d'une nation considérée en particulier.
Économie sociale, l'ensemble des conditions morales et matérielles des sociétés. Se dit aussi pour économie politique.
Économie industrielle, l'ensemble des moyens et des règles de la production industrielle.
J. B. SAY, *Cours, 1840, t. I, p. 34*: L'économie industrielle, qui n'est que l'application de l'économie politique aux choses qui tiennent à l'industrie
Économie charitable, étude des règles pratiques de la charité et de l'organisation des institutions de bienfaisance.

The word "economy" in Émile Littré's French dictionary,
Dictionnaire de la langue française, (1872-1877)

The term “economics” was not unknown before the 19th century, although it had the meaning of home economics

(Oxford English Dictionary)

1535 W. MARSHALL tr. Marsilius of Padua *Def. of Peace* iii. f. 12ᵛ, [Aristotle's] oeconomykes [L. *Iconomia*], wherin he treateth of the gouernynge and ordrynge of an howse or howsholde.

1560 J. KNOX et al. *Buke Discipline* in J. Knox *Wks.* (1848) II. 214 In the secound colledge, in the first classe, one reader onlie in the ethicques, oeconomicques and politiques.

1584 T. COGAN *Hauen of Health* ii. 14 Aristotle · · in his Oeconomikes · · biddeth us to rise before day.

*a*1620 M. FOTHERBY *Atheomastix* (1622) II. xiv. §2. 356 Morall Philosophie · · hath three parts: Ecclesiastickes, Oeconomickes, and Politickes.

1661 J. GLANVILL *Vanity of Dogmatizing* xvii. 166 The more practical ones of Politicks and Oeconomicks.

1701 P. WARWICK *Disc. Govt.* 104 A Princes Politicks will be as improsperous as his Oeconomicks are, who loves to spend freely, and yet never to look upon an account.

1770 J. LANGHORNE & W. LANGHORNE tr. Plutarch *Lives* (1879) II. 586/2 Economics, so far as they regard only inanimate things, serve only the low purposes of gain; but where they regard human beings they rise higher.

Sir William Petty 1623-1687

A

TREATISE

OF

Taxes & Contributions.

Shewing the Nature and Measures of

Crown-Lands.	Penalties.
Assessements.	Monopolies.
Customs.	Offices.
Poll-Moneys.	Tythes.
Lotteries.	Raising of Coins.
Benevolence.	Harth-Money.
	Excize, &c.

With several intersperst Discourses and Digressions concerning

Warres.	Beggars.
The Church.	Ensurance.
Universities.	Exportation of {Money. Wool.}
Rents & Purchases.	Free-Ports.
Usury & Exchange.	Coins.
Banks & Lombards.	Housing.
Registries for Conveyances.	Liberty of Conscience, &c.

The same being frequently applied to the present State and Affairs of
IRELAND.

London, Printed for *N. Brooke*, at the Angel in *Cornhill*. 1662.

not better to draw over a number of their choice Workmen, or send our most ingenious men thither to learn; which if they succeed; it is most manifest that this were the more natural way, then to keep that infinite clutter about resisting of Nature, stopping up the windes and seas, &c.

4. If we can make Victual much cheaper here then in *Holland*, take away burthensome, frivolous, and antiquated Impositions and Offices.

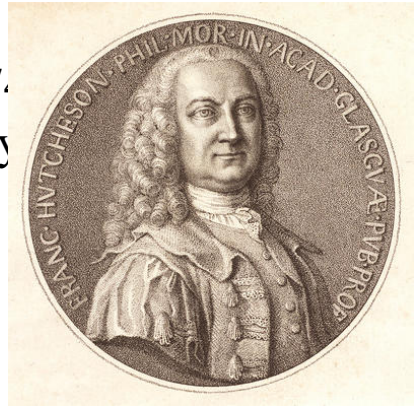
I conceive even this were better then to perswade Water to rise out† of it self above its natural Spring.

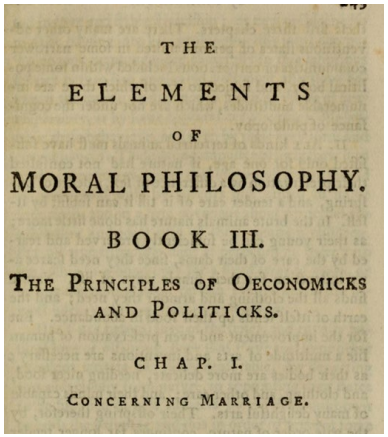
5. We must consider in general, that as wiser Physicians tamper not excessively with their Patients, rather observing and complying with the motions of nature, then contradicting it with vehement Administrations of their own; so in Politicks and Oconomicks the same must be used; for

Naturam expellas furcâ licet usque recurrit[1].

Reference to the word *Oconomicks* in William Petty's *Treatise of Taxes*, 1662

Francis Hutcheson (1694-17
Professor of Moral Philosophy
University of Glasgow
Teacher of Adam Smith




THE
ELEMENTS
OF
MORAL PHILOSOPHY.
BOOK III.
THE PRINCIPLES OF OECONOMICKS AND POLITICKS.
CHAP. I.
CONCERNING MARRIAGE.

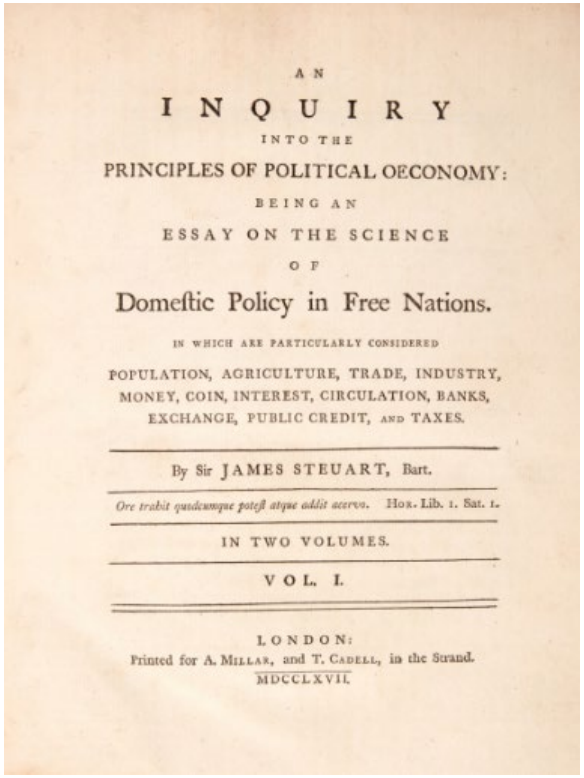
1742 Philosophiae moralis institutio compendiaria, ethices et jurisprudentiae naturalis elementa continens, Robert Foulis, Glasguae ***Ars oeconomica***

1747 A Short Introduction to Moral Philosophy: In Three Books, Containing The Elements of Ethics and the Law of Nature, Robert & Andrew Foulis, Glasgow ["**Oeconomicks** treat of the rights and obligations in a family,"]

In Francis Hutcheson's *Short Introduction to Moral Philosophy* [Latin 1742, English posthumous edition 1747] we find the words *Ars oeconomica* [economic art] and *Oeconomicks*. The distinction he makes in this work between the three parts of economics is identical to Aristotle's distinction in *the Politics*: the master-slave (servant) relationship [*despotike*], the relationship between spouses [*gamike*] and the relationship between father and children [*teknopoietike*].

> The investigation of everything should begin with its smallest parts, and the primary and smallest parts of the household are master and slave, husband and wife, father and children; we ought therefore to examine the proper constitution and character of each of these three relationships, I mean that of mastership, that of marriage (there is no exact term denoting the relation uniting wife and husband), and thirdly the progenitive relationship (this too has not been designated by a special name) (Aristotle, *Pol.* 1253b5-10)

Sir James Steuart,
(1712 –1780)



AN

INQUIRY

INTO THE

PRINCIPLES OF POLITICAL OECONOMY:

BEING AN

ESSAY ON THE SCIENCE

OF

Domeſtic Policy in Free Nations.

IN WHICH ARE PARTICULARLY CONSIDERED

POPULATION, AGRICULTURE, TRADE, INDUSTRY, MONEY, COIN, INTEREST, CIRCULATION, BANKS, EXCHANGE, PUBLIC CREDIT, AND TAXES.

By Sir JAMES STEUART, Bart.

Ore trahit quodcunque poteſt atque addit acervo. HOR. Lib. 1. Sat. 1.

IN TWO VOLUMES.

VOL. I.

LONDON:
Printed for A. MILLAR, and T. CADELL, in the Strand.
MDCCLXVII.

First book in English with ‘Political Economy’ in the title

AN

INQUIRY

INTO THE

Nature and Cauſes

OF THE

WEALTH OF NATIONS.

By ADAM SMITH, LL. D. and F. R. S.
Formerly Profeſſor of Moral Philoſophy in the Univerſity of GLASGOW.

IN TWO VOLUMES.

VOL. I.

LONDON:

PRINTED FOR W. STRAHAN; AND T. CADELL, IN THE STRAND.

MDCCLXXVI.

[138]

BOOK IV

Of Systems of political Oeconomy

INTRODUCTION

1 POLITICAL œconomy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects; first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the publick services. It proposes to enrich both the people and the sovereign.

2 The different progress of opulence in different ages and nations, has given occasion to two different systems of political œconomy, with regard to enriching the people. The one may be called the system of commerce, the other that of agriculture. I shall endeavour to explain both as fully and distinctly as I can, and shall begin with the system of commerce. It is the modern system, and is best understood in our own country and in our own times.

Adam Smith's use of the term

Political Economy becomes Economics

Hence Economics is the very best term that could be selected to denote the science which treats of the exchanges of property. It is also preferable to Political Economy, because it shows that it has nothing whatever to do with politics, but only with property. It may be called the science of exchanges, the philosophy of commerce, or the theory of value; they all mean precisely the same thing. I myself have offered this definition, to show its relation to other physical sciences—

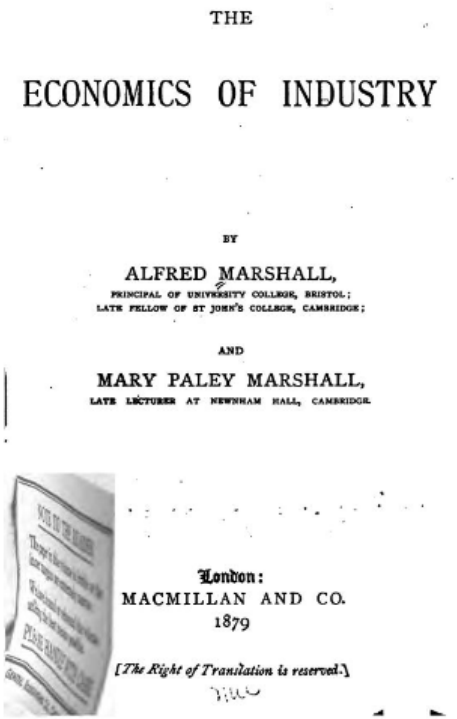
Economics is the science which treats of the laws which govern the relations of exchangeable quantities.

And M. Michel Chevalier has done me the honour to say that he thinks that the best definition of the science which has yet been proposed.

H. D. MACLEOD.

3 P 2

H.D. MacLeod, "What is Political Economy?", *Contemporary Review,* Vol. 25, May **1875**, pp. 871-893



THE

ECONOMICS OF INDUSTRY

BY

ALFRED MARSHALL,

PRINCIPAL OF UNIVERSITY COLLEGE, BRISTOL;
LATE FELLOW OF ST JOHN'S COLLEGE, CAMBRIDGE;

AND

MARY PALEY MARSHALL,

LATE LECTURER AT NEWNHAM HALL, CAMBRIDGE.

London:
MACMILLAN AND CO.
1879

[*The Right of Translation is reserved.*]

1879

Peter Groenewegen, "'Political Economy' and 'Economics'", in J. Eatwell, M. Milgate, and P. Newman, eds., *The New Palgrave: A Dictionary of Economics*, Vol. 3, London: Macmillan, 1987, pp. 904–907

PRINCIPLES

OF

ECONOMICS

BY

ALFRED MARSHALL,

PROFESSOR OF POLITICAL ECONOMY IN THE UNIVERSITY OF CAMBRIDGE;
FELLOW OF ST JOHN'S COLLEGE, CAMBRIDGE;
SOMETIME FELLOW OF BALLIOL COLLEGE, OXFORD.

VOL. I.

Natura non facit saltum.

London:
MACMILLAN AND CO.
AND NEW YORK.
1890

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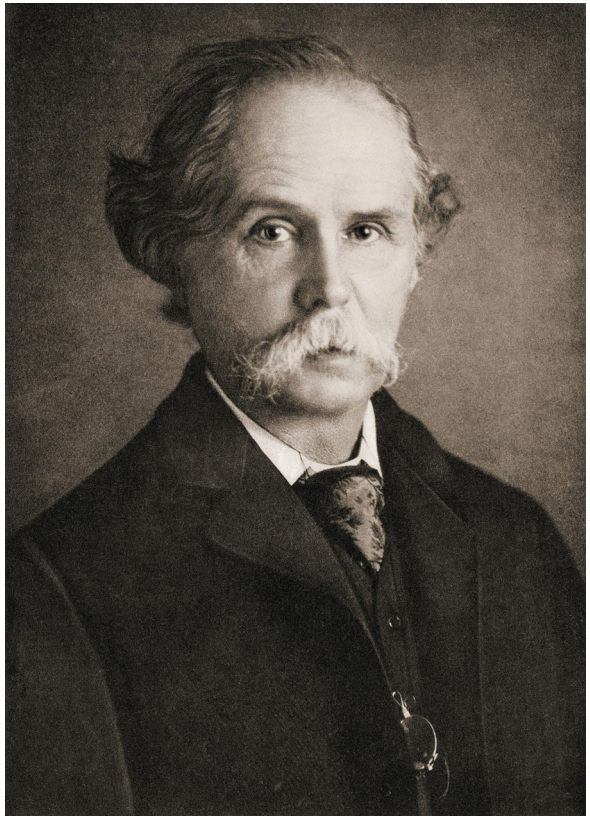
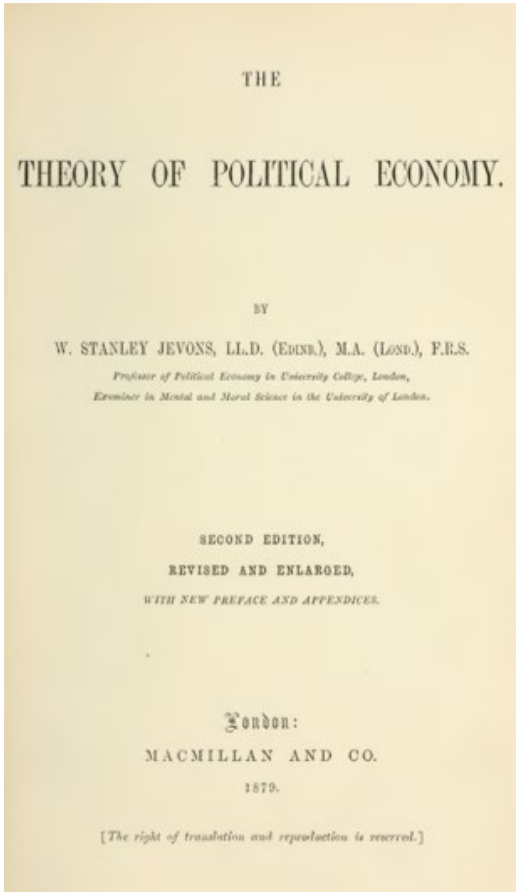
The book that established the term *Economics: Principles of Economics*, 1890, 8th edition 1920



Alfred Marshall
1842-1924



THE

THEORY OF POLITICAL ECONOMY.

BY

W. STANLEY JEVONS, LL.D. (EDINB.), M.A. (LOND.), F.R.S.

Professor of Political Economy in University College, London,
Examiner in Mental and Moral Science in the University of London.

SECOND EDITION,
REVISED AND ENLARGED,
WITH NEW PREFACE AND APPENDICES.

London:
MACMILLAN AND CO.
1879.

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Among minor alterations, I may mention the substitution for the name Political Economy of the single convenient term *Economics*. I cannot help thinking that it would be well to discard, as quickly as possible, the old troublesome double-worded name of our Science. Several authors have tried to introduce totally new names, such as Plutology, Chrematistics, Catallactics, &c. But why do we need anything better than Economics? This term, besides being more familiar and closely related to the old term, is perfectly analogous in form to *Mathematics*, *Ethics*, *Æsthetics*, and the names of various other branches of knowledge, and it has moreover the authority of usage from the time of Aristotle. Mr. Macleod is, so far as I know, the re-introducer of the name in recent years, but it appears to have been adopted also by Mr. Alfred Marshall at Cambridge. It is thus to be hoped that *Economics* will become the recognised name of a science, which nearly a century ago was known to the French Economists as *la science économique*. Though employing the new name in the text, it was obviously undesirable to alter the title-page of the book.

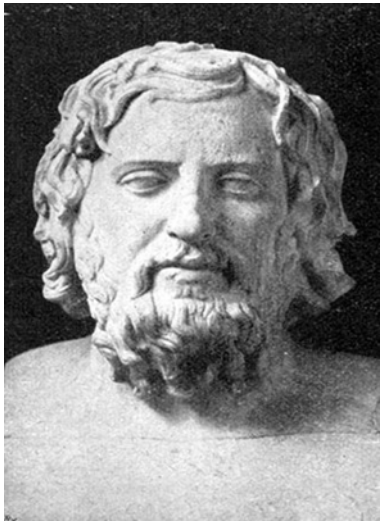
W. Stanley Jevons, *The Theory of Political Economy*,
Preface to the second edition 1879, p. xiv

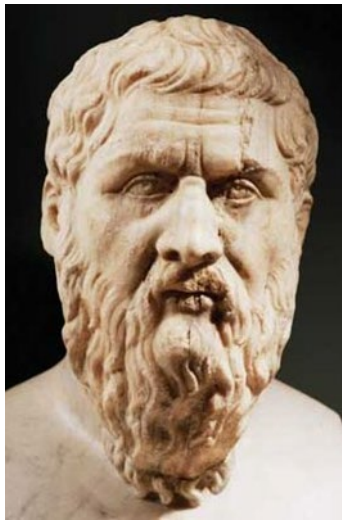
Introduction to the History of Economic Theory

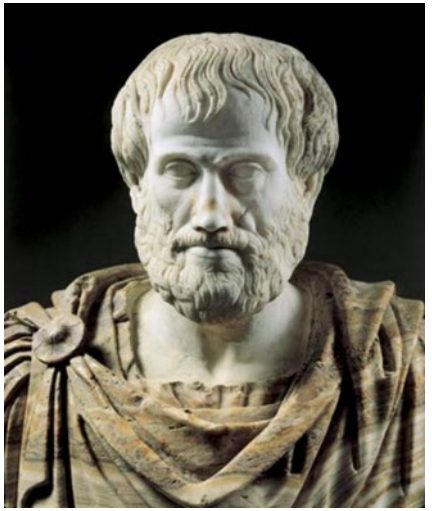
A brief overview of the course of economic thought from antiquity to the 20th century

Brief overview

- **Ancient Greek authors**
- Xenophon (430-354 BCE)
- Plato (424-348 BCE)
- Aristotle (384-322 BCE)





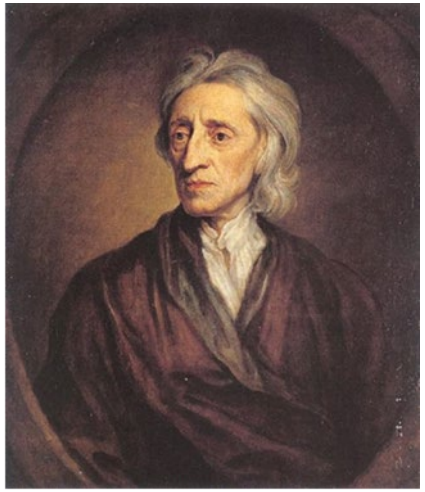


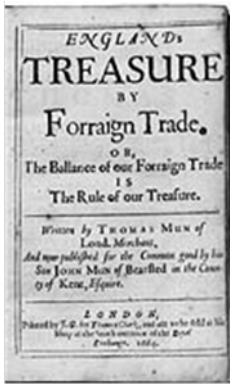
Brief overview

- **Scholastics (13th-16th century)**

Brief overview

- **Mercantilism** (16th - 18th century)





Brief overview

- **Mercantilism** (16th - 18th century)

Sir William Petty
(1623–1687)

John Law (1671–1729)

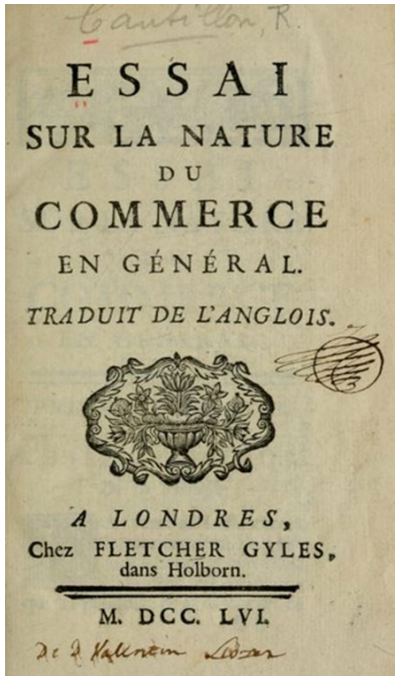
Sir James Steuart
(1713-1780)

Brief overview

- **Reactions to mercantilism – Birth of political economy**

Pierre le Pesant
Sieur de
Boisguilbert,
(1646–1714)

Sébastien le Prestre,
Seigneur de **Vauban**
(1633-1707)



Richard **Cantillon**
(?1680–1734)

Brief overview

- **Physiocrats (France 18th century)**

François Quesnay (1694–1774)

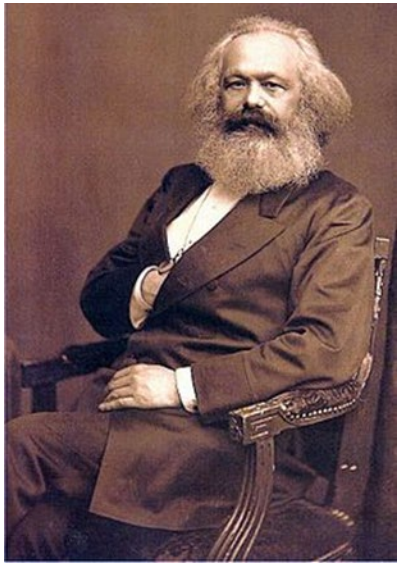
Anne-Robert-Jacques Turgot (1727–1781)

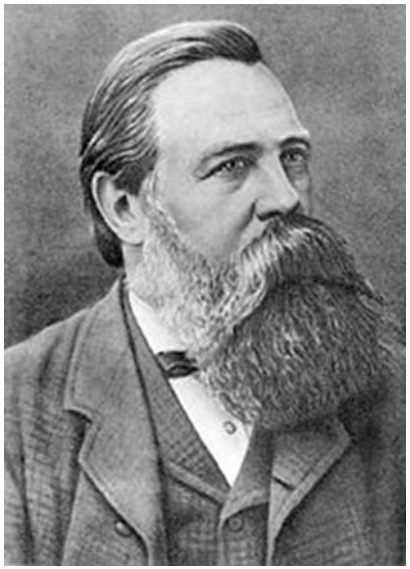
Brief overview

- **Classical political economy**
- Adam Smith (1723-1790)
- Thomas Robert Malthus (1766-1834)
- David Ricardo (1772-1823)

Brief overview

- **Marxist political economy**
- Karl Marx (1818-1883)
- Friedrich Engels (1820-1895)





Brief overview

Precursors to the Marginalist Revolution

Jeremy **Bentham**
(1748-1832)

Johann Heinrich
von Thünen
(1783-1850)

Augustin **Cournot**
(1801 –1877)

Hermann Heinrich
Gossen
(1810—1858)

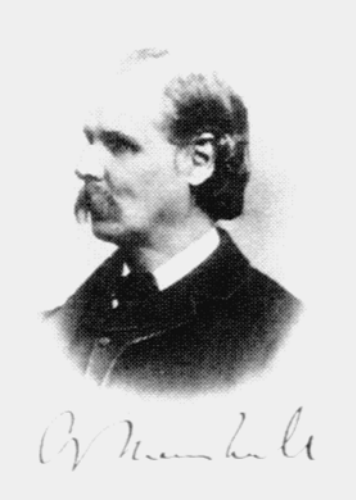
Brief overview

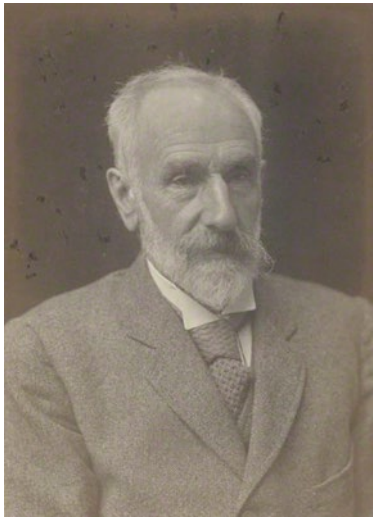
Marginalist Revolution (1871)

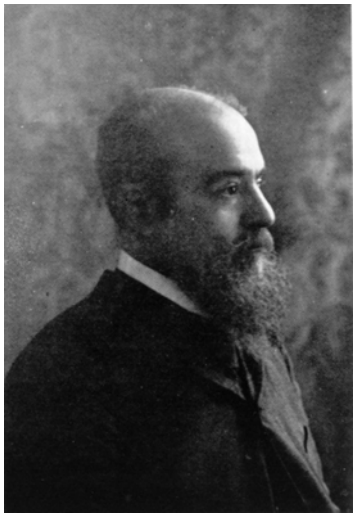
- W. Stanley Jevons (1835-1882)
- Léon Walras (1834-1910)
- Carl Menger (1840-1921)

Brief overview

- **Neoclassical economics**
- *Alfred Marshall (1842-1924)*
- *Francis Y. Edgeworth (1845-1926)*
- *Vilfredo Pareto (1848-1923)*







Brief overview

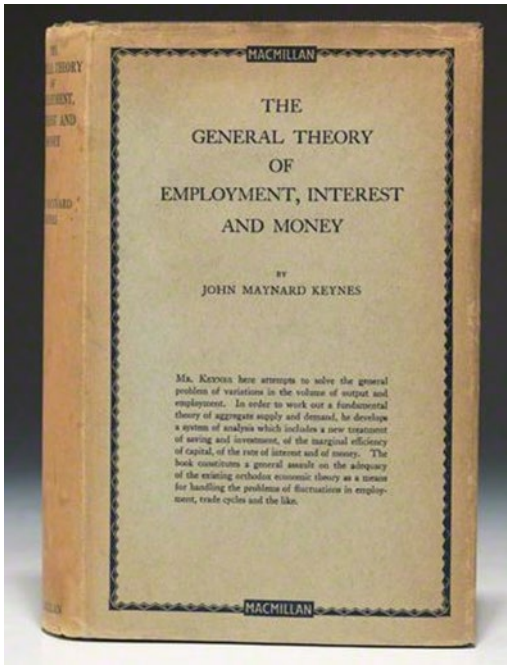
American institutionalism

Thorstein Veblen
(1857 –1929)

Brief overview

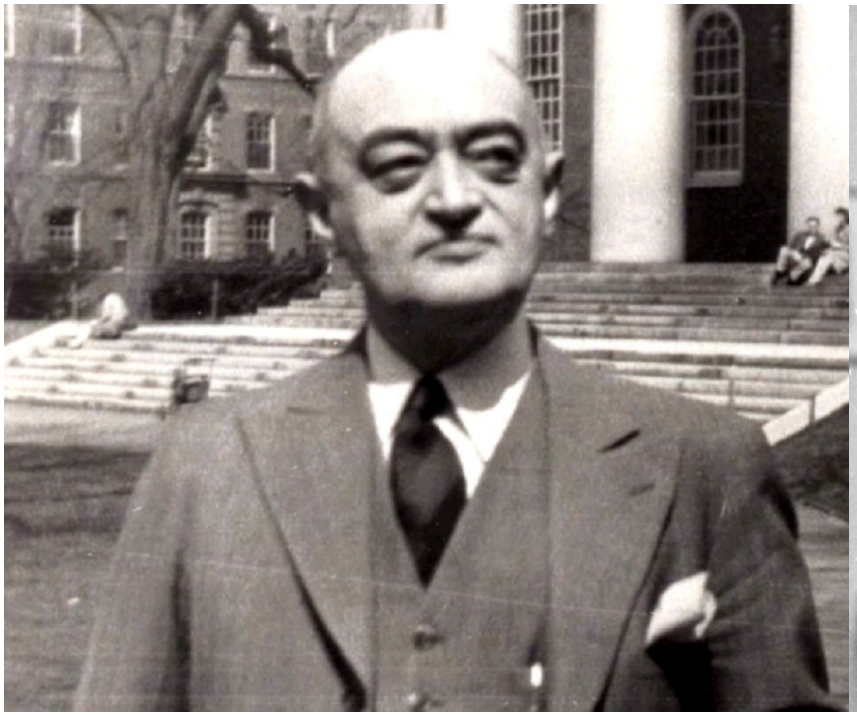
- **John Maynard Keynes (1883-1946)**

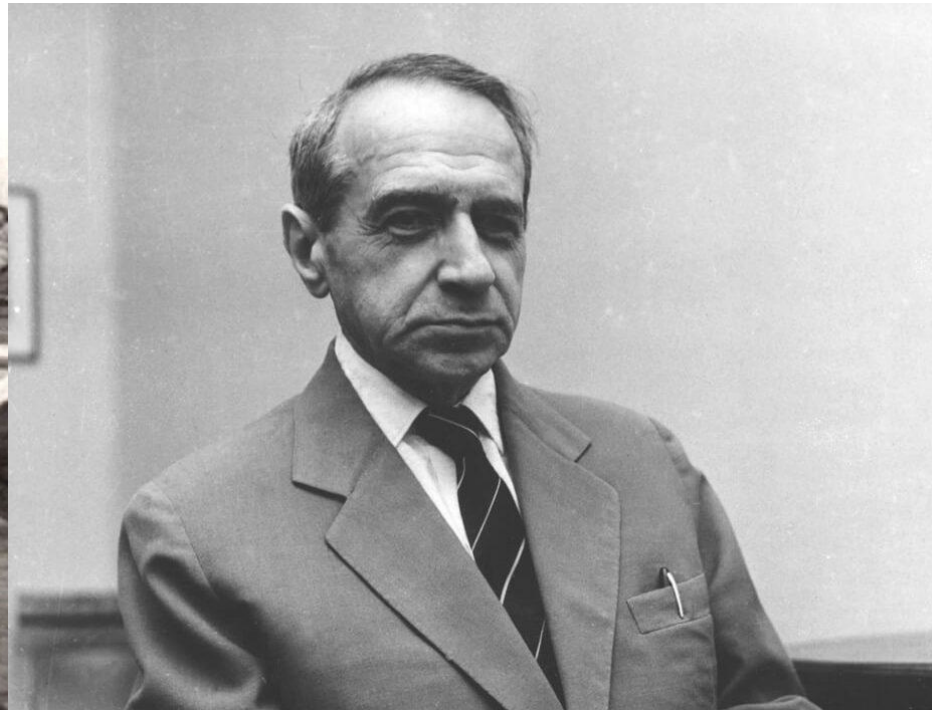
  The General Theory of Employment, Interest and Money (1936)



Brief overview

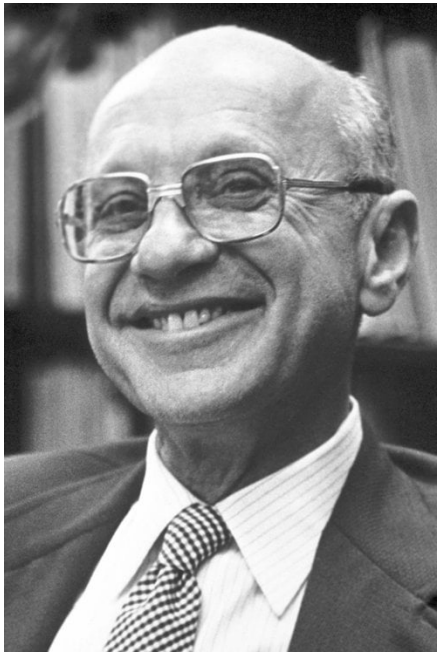
- **Joseph Alois Schumpeter (1883–1950)**
- **Michał Kalecki (1899–1970)**





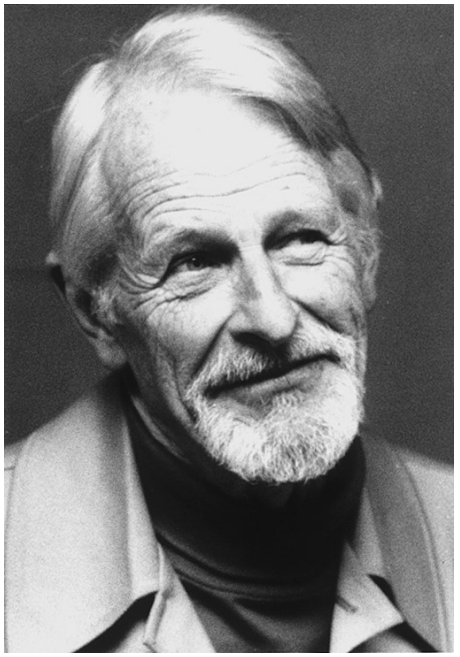
Brief overview

- **Post-war developments. Monetarism, GE, JK Galbraith, RM Goodwin**



Milton Friedman
1912–2006)

John Kenneth Galbraith
(1908–2006)



Richard M. Goodwin
(1913 –1996)

Lectures

1. Introduction. Methodological issues in economics
2. The economic thought of classical Greece and Rome. The Scholastic tradition
3. Mercantilism. Sir William Petty. Sir James Steuart
4. Boisguilbert, Vauban, Cantillon, and the Physiocrats. ARJ Turgot and F. Galiani.
5. The birth of political economy. The Scottish Enlightenment. David Hume, Adam Smith
6. David Ricardo and Robert Malthus. Piero Sraffa
7. Karl Marx and Marxist Political Economy
8. Precursors to neoclassical economics: von Thünen, Cournot, Dupuit, Gossen
9. The marginalist "Revolution": WS Jevons, C Menger, L Walras
10. Neoclassical economics: FY Edgeworth, A Marshal, AC Pigou, V Pareto, M Pantaleoni, E Barone, E. Bōhm-Bawerk, F. von Wieser, K Wicksell, G Cassel, JB Clark, I Fisher
11. American institutionalism: Thorstein Veblen
12. JM Keynes and JA Schumpeter. M. Kalecki. Macroeconomics
13. Post-war developments. Monetarism, GE, JK Galbraith, R Goodwin

End of Lecture

MPhil (Econ.) & MSc (Political Economy)

Dept. of Economics

National and Kapodistrian University of Athens

Lecture 2: Ancient Greek and Scholastic Economic Thought

Nicholas J. Theocharakis

Contents

- **Ancient Greek economic thought**
  - Plato *Republic*
  - Xenophon *Cyropaedia*, *Ways and Means*, *Oeconomicus*
  - Aristotle *Politics, Nicomachean Ethics*
  - Epicureans, Stoics
- **Scholastic economic thought**
  - Albertus Magnus
  - Thomas Aquinas
  - San Bernardino da Siena, Sant' Antonino da Firenze
  - Salamanca School

Ancient Greek and Scholastic Economic Thought

Ancient Greek Economic Thought

Ancient Greek Economic Thought

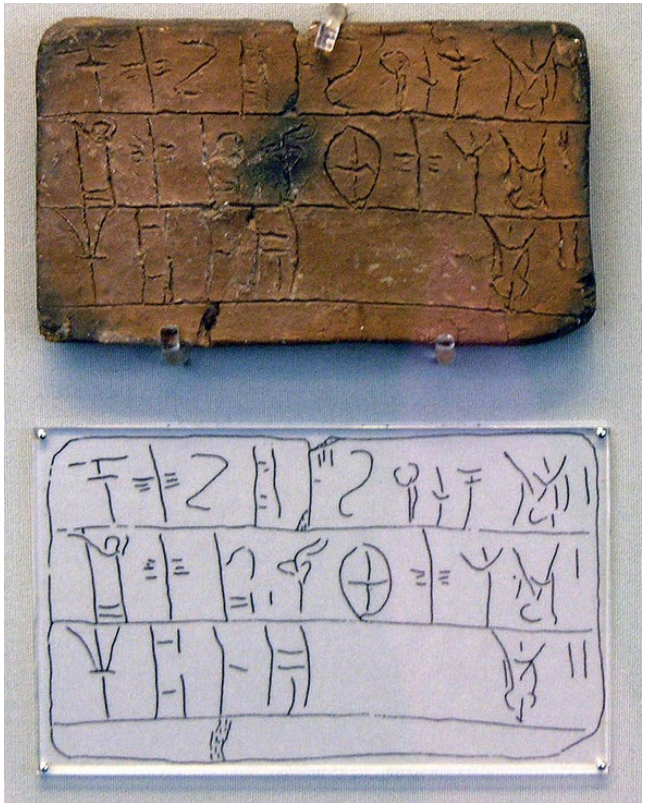
- Even before the archaic and classical period we have documents concerning economic issues
- During the Mycenean period (17th-13th c. BCE) we have clay tablets recording economic activity
- These tablets do not constitute economic thought

Ancient Economic Thought

Pre-cuneiform tags, with drawing of goat or sheep and number (probably "10"), Al-Hasakah, 3300–3100 BCE, Uruk culture

Sumerian was the last and most ancient language to be deciphered. Sale of a number of fields, probably from Isin, c. 2600 BC.

Ancient Greek Economic Thought

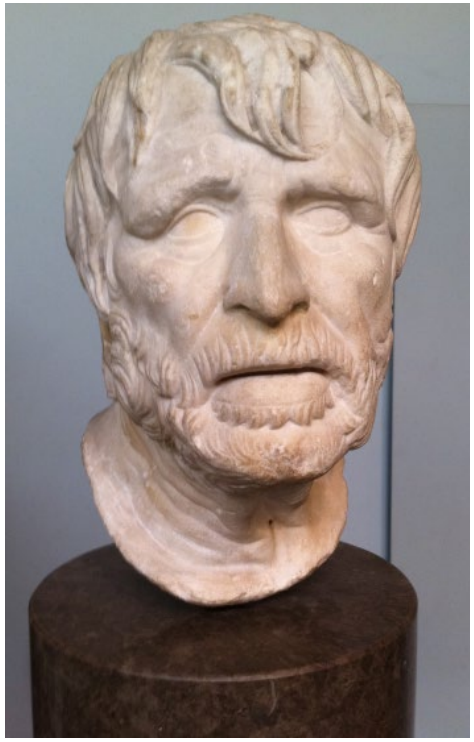


Linear B logograms referring to objects of economic importance

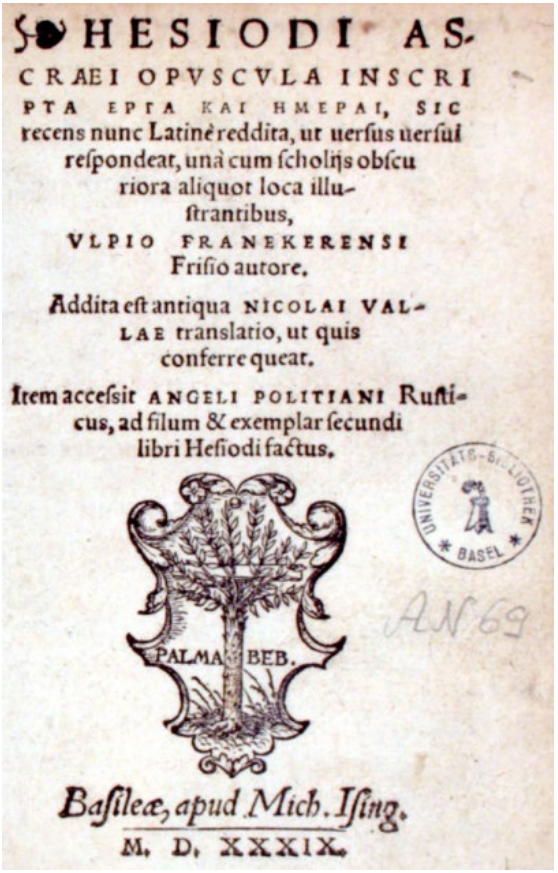
http://www.ancientscripts.com/linearb.html

Mycenae: Clay tablet of linear B. 1250 BCE.
National Archaeological Museum, Athens. #7671
Refers to a quantity of wool to be dyed.

Ancient Greek Economic Thought



Hesiod (c. 750-650 BCE)
Bust at the British Museum



HESIODI ASCRAEI OPVSCVLA INSCRIPTA ΕΡΓΑ ΚΑΙ ΗΜΕΡΑΙ, SIC recens nunc Latinè reddita, ut uersus uersui respondeat, unà cum scholijs obscuriora aliquot loca illustrantibus,

VLPIO FRANEKERENSI Frisio autore.

Addita est antiqua NICOLAI VALLAE translatio, ut quis conferre queat.

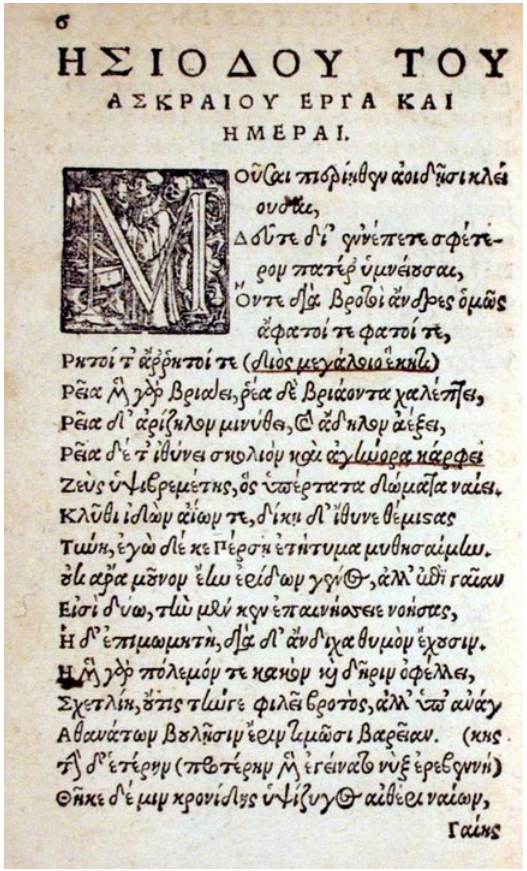
Item accessit ANGELI POLITIANI Rusticus, ad filum & exemplar secundi libri Hesiodi factus.

PALMA BEB.

Basileæ, apud Mich. Ising.

M. D. XXXIX.

UNIVERSITÄTS-BIBLIOTHEK BASEL
AN 69



6

ΗΣΙΟΔΟΥ ΤΟΥ ΑΣΚΡΑΙΟΥ ΕΡΓΑ ΚΑΙ ΗΜΕΡΑΙ.

Μοῦσαι πιερίηθεν ἀοιδῇσι κλείουσαι,
Δεῦτε δι' ἐννέπετε σφέτερον πατέρ' ὑμνείουσαι,
Ὅντε διὰ βροτοὶ ἄνδρες ὁμῶς ἄφατοί τε φατοί τε,
Ρητοί τ' ἄρρητοί τε (διὸς μεγάλοιο ἕκητι)
Ρεῖα μὲν γὰρ βριάει, ῥέα δὲ βριάοντα χαλέπτει,
Ρεῖα δ' ἀρίζηλον μινύθει, καὶ ἄδηλον ἀέξει,
Ρεῖα δέ τ' ἰθύνει σκολιὸν καὶ ἀγήνορα κάρφει
Ζεὺς ὑψιβρεμέτης, ὃς ὑπέρτατα δώματα ναίει.
Κλῦθι ἰδὼν αἰῶν τε, δίκῃ δ' ἴθυνε θέμισας
Τύνη, ἐγὼ δέ κε Πέρσῃ ἐτήτυμα μυθησαίμην.
Οὐκ ἄρα μοῦνον ἔην ἐρίδων γένος, ἀλλ' ἐπὶ γαῖαν
Εἰσὶ δύω, τὴν μὲν κεν ἐπαινήσειε νοήσας,
Ἡ δ' ἐπιμωμητὴ, διὰ δ' ἄνδιχα θυμὸν ἔχουσιν.
Ἡ μὲν γὰρ πόλεμόν τε κακὸν καὶ δῆριν ὀφέλλει,
Σχετλίη, οὔτις τήνγε φιλεῖ βροτός, ἀλλ' ὑπ' ἀνάγ
Αθανάτων βουλῇσιν ἔριν τιμῶσι βαρεῖαν. (κης
Τὴν δ' ἑτέρην (προτέρην μὲν ἐγείνατο νὺξ ἐρεβεννή)
Θῆκε δέ μιν κρονίδης ὑψίζυγος αἰθέρι ναίων,
Γαίης

Work and Days, Basel edition 1539, Michael Isingrin

HESIOD

ΕΡΓΑ ΚΑΙ ΗΜΕΡΑΙ

Μοῦσαι Πιερίηθεν, ἀοιδῇσι κλείουσαι,
δεῦτε, Δί᾽ ἐννέπετε σφέτερον πατέρ᾽ ὑμνείουσαι,
ὅν τε διὰ βροτοὶ ἄνδρες ὁμῶς ἄφατοί τε φατοί τε
ῥητοί τ᾽ ἄρρητοί τε Διὸς μεγάλοιο ἔκητι.
ῥέα μὲν γὰρ βριάει, ῥέα δὲ βριάοντα χαλέπτει,
ῥεῖα δ᾽ ἀρίζηλον μινύθει καὶ ἄδηλον ἀέξει,
ῥεῖα δέ τ᾽ ἰθύνει σκολιὸν καὶ ἀγήνορα κάρφει
Ζεὺς ὑψιβρεμέτης ὃς ὑπέρτατα δώματα ναίει.
κλῦθι ἰδὼν ἀιών τε, δίκῃ δ᾽ ἴθυνε θέμιστας
τύνη· ἐγὼ δέ κε Πέρσῃ ἐτήτυμα μυθησαίμην.

οὐκ ἄρα μοῦνον ἔην Ἐρίδων γένος, ἀλλ᾽ ἐπὶ γαῖαν
εἰσὶ δύω· τὴν μέν κεν ἐπαινήσειε νοήσας,
ἡ δ᾽ ἐπιμωμητή· διὰ δ᾽ ἄνδιχα θυμὸν ἔχουσιν.
ἡ μὲν γὰρ πόλεμόν τε κακὸν καὶ δῆριν ὀφέλλει,
σχετλίη· οὔ τις τήν γε φιλεῖ βροτός, ἀλλ᾽ ὑπ᾽ ἀνάγκης
ἀθανάτων βουλῇσιν Ἔριν τιμῶσι βαρεῖαν.
τὴν δ᾽ ἑτέρην προτέρην μὲν ἐγείνατο Νὺξ ἐρεβεννή,

1-16 deest C, 1–42 deest ω_4
1-10 ath. Praxiphanes Aristarchus Crates, om. libri a Praxiphane Pausania visi

WORKS AND DAYS

WORKS AND DAYS

Muses, from Pieria, glorifying in songs, come here, tell in hymns of your father Zeus, through whom mortal men are unfamed and famed alike, and named and unnamed, by the will of great Zeus. For easily he strengthens, and easily he crushes the strong, easily he diminishes the conspicuous and increases the inconspicuous, and easily he straightens the crooked and withers the proud—high-thundering Zeus, who dwells in the loftiest mansions. Give ear to me, watching and listening, and straighten the verdicts with justice yourself;[1] as for me, I will proclaim truths to Perses.

(11) So there was not just one birth of Strifes after all,[2] but upon the earth there are two Strifes. One of these a man would praise once he got to know it, but the other is blameworthy; and they have thoroughly opposed spirits. For the one fosters evil war and conflict—cruel one, no mortal loves that one, but it is by necessity that they honor the oppressive Strife, by the plans of the immortals. But the other one gloomy Night bore first; and Cronus' high-throned

HESIOD

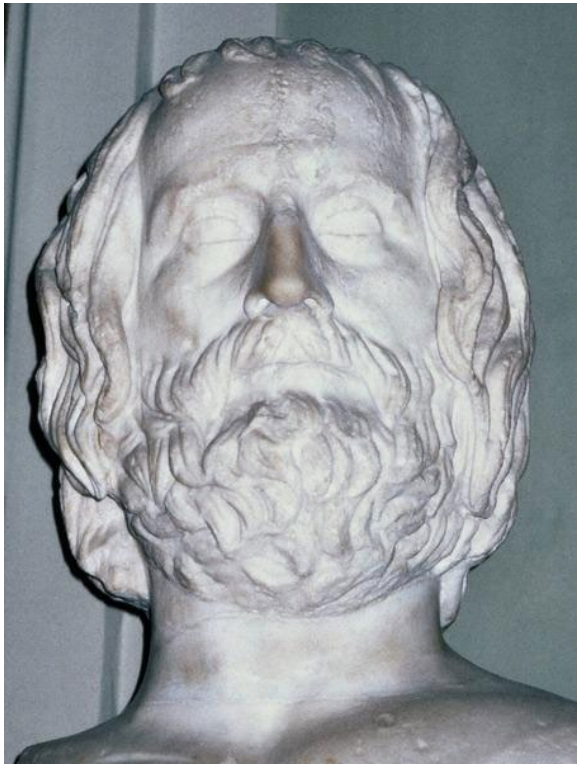
θῆκε δέ μιν Κρονίδης ὑψίζυγος, αἰθέρι ναίων
γαίης τ' ἐν ῥίζῃσι καὶ ἀνδράσι πολλὸν ἀμείνω·
ἦ τε καὶ ἀπάλαμόν περ ὁμῶς ἐπὶ ἔργον ἔγειρεν.
εἰς ἕτερον γάρ τίς τε ἰδὼν ἔργοιο χατίζων
πλούσιον, ὃς σπεύδει μὲν ἀρώμεναι ἠδὲ φυτεύειν
οἶκόν τ' εὖ θέσθαι, ζηλοῖ δέ τε γείτονα γείτων
εἰς ἄφενος σπεύδοντ'· ἀγαθὴ δ' Ἔρις ἥδε βροτοῖσιν.
καὶ κεραμεὺς κεραμεῖ κοτέει καὶ τέκτονι τέκτων,

WORKS AND DAYS

son, who dwells in the aether, set it in the roots of the earth, and it is much better for men. It rouses even the helpless man to work. For a man who is not working but who looks at some other man, a rich one who is hastening to plow and plant and set his house in order, he envies him, one neighbor envying his neighbor who is hastening toward wealth: and this Strife is good for mortals. And potter is angry with potter, and builder with builder, and beggar begrudges beggar, and poet poet.

Strife is not perfect competition

Ancient Greek Economic Thought



Aristophanes (c. 446 – 386 BCE)
Bust Musei Capitolini, Rome

ΑΡΙΣΤΟΦΑΝΟΥΣ ΒΑΤΡΑΧΟΙ.

ΞΑΝΘΙΑΣ ΟΡΓΡΟΛΟΓΙΖΩΝ.

Aristophanes Nine Comedies, Venice 1498, Aldus Manutius, Marcus Mousouros edition. [Frogs]

ἢ τρόπον ὅστις ἔτ' οἰμώξεται,
οὐ πολὺν οὐδ' ὁ πίθηκος οὗτος ὁ νῦν ἐνοχλῶν,
Κλειγένης ὁ μικρός,
ὁ πονηρότατος βαλανεὺς ὁπόσοι
κρατοῦσι κυκησίτεφροι
ψευδολίτρου τε κονίας
καὶ Κιμωλίας γῆς,
χρόνον ἐνδιατρίψει· ἰδὼν δὲ τάδ' οὐκ
εἰρηνικὸς ἔσθ', ἵνα μή ποτε κἀποδυθῇ
μεθύων ἄνευ
ξύλου βαδίζων.

ΚΟΡΥΦΑΙΟΣ

πολλάκις γ' ἡμῖν ἔδοξεν ἡ πόλις πεπονθέναι
ταὐτὸν εἴς τε τῶν πολιτῶν τοὺς καλούς τε κἀγαθοὺς
εἴς τε τἀρχαῖον νόμισμα καὶ τὸ καινὸν χρυσίον.
οὔτε γὰρ τούτοισιν οὖσιν οὐ κεκιβδηλευμένοις,
ἀλλὰ καλλίστοις ἁπάντων, ὡς δοκεῖ, νομισμάτων
καὶ μόνοις ὀρθῶς κοπεῖσι καὶ κεκωδωνισμένοις
ἔν τε τοῖς Ἕλλησι καὶ τοῖς βαρβάροισι πανταχοῦ
χρώμεθ' οὐδέν, ἀλλὰ τούτοις τοῖς πονηροῖς χαλκίοις
χθές τε καὶ πρώην κοπεῖσι τῷ κακίστῳ κόμματι.
τῶν πολιτῶν θ' οὓς μὲν ἴσμεν εὐγενεῖς καὶ
σώφρονας

711 -τεφροι Radermacher: -τέφρου a S

of a man" [69] who's sure to be sorry yet,
then this monkey who's so annoying now—
pint-sized Cleigenes, [70]
the basest bathman of all
the ash-mixers who lord it over
fake washing soda
and fuller's earth—
he won't be around much longer, and knows it,
so he's unpeaceable, for fear that some night
on a drunken stroll without his stick
he'll be mugged.

CHORUS LEADER

It's often struck us that the city deals with its fine upstanding citizens just as with the old coinage and the new gold. [71] Though both of these are unalloyed, indeed considered the finest of all coins, the only ones minted true and tested everywhere among Greeks and barbarians alike, we make no use of them; [72] instead we use these crummy coppers, struck just yesterday or the day before with a stamp of the lowest quality. [73] Just so with our citizens: the ones we acknowledge

Aristophanes

ἄνδρας ὄντας καὶ δικαίους καὶ καλούς τε κἀγαθοὺς
καὶ τραφέντας ἐν παλαίστραις καὶ χοροῖς καὶ
μουσικῇ,
προυσελοῦμεν, τοῖς δὲ χαλκοῖς καὶ ξένοις καὶ
πυρρίαις
καὶ πονηροῖς κἀκ πονηρῶν εἰς ἅπαντα χρώμεθα
ὑστάτοις ἀφιγμένοισιν, οἷσιν ἡ πόλις πρὸ τοῦ
οὐδὲ φαρμακοῖσιν εἰκῇ ῥᾳδίως ἐχρήσατ' ἄν.
ἀλλὰ καὶ νῦν, ὦνόητοι, μεταβαλόντες τοὺς τρόπους
χρῆσθε τοῖς χρηστοῖσιν αὖθις· καὶ κατορθώσασι
γὰρ
εὔλογον, κἄν τι σφαλῆτ', ἐξ ἀξίου γοῦν τοῦ ξύλου,
ἤν τι καὶ πάσχητε, πάσχειν τοῖς σοφοῖς δοκήσετε.

Frogs

to be well-born, well-behaved, just, fine, and outstanding men, men brought up in wrestling schools, choruses, and the arts, we treat them shabbily, while for all purposes we choose the coppers, the aliens, the redheads, [74] bad people with bad ancestors, the latest arrivals, whom formerly the city wouldn't readily have used even as scapegoats. But even at this late hour, you fools, do change your ways and once again choose the good people. You'll be congratulated for it if you're successful, and if you take a fall, at least the intelligent will say that if something does happen to you, you're hanging from a worthy tree.

Enter from the palace XANTHIAS *and a* SLAVE *of Pluto.*

SLAVE

By Zeus the Savior, that master of yours is a gentleman.

Gresham's Law "Bad money drives out good"

Sir Thomas Gresham the Elder (c. 1519–1579)

THE

ELEMENTS

OF

POLITICAL ECONOMY.

BY

HENRY DUNNING MACLEOD.

B
179243

Ne nous imaginons pas que le vrai soit victorieux dès qu'il se montre ; il l'est à la fin, mais il lui faut du temps pour soumettre les esprits.

FONTENELLE. *Vie de Corneille.*

LONDON:

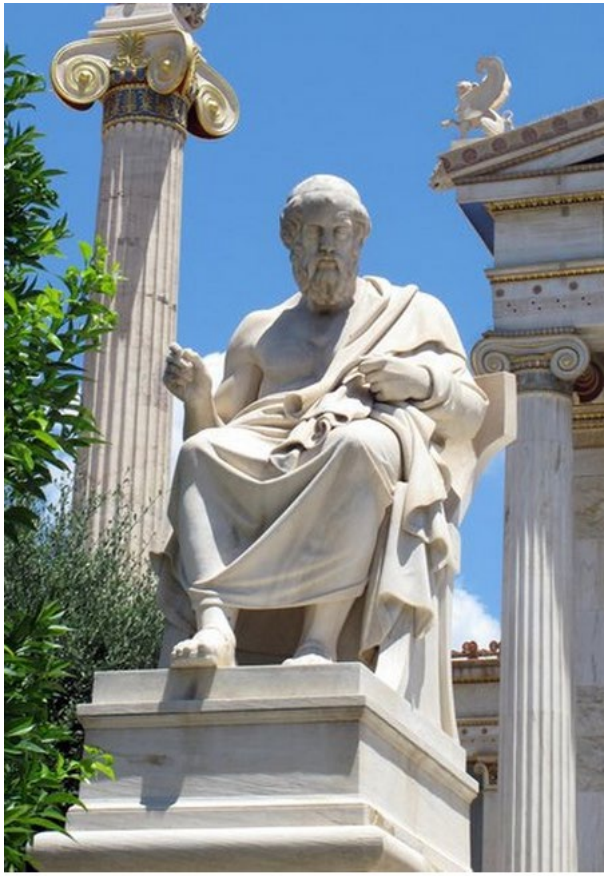
LONGMAN, BROWN, GREEN, LONGMANS, AND ROBERTS.

MDCCCLVIII.

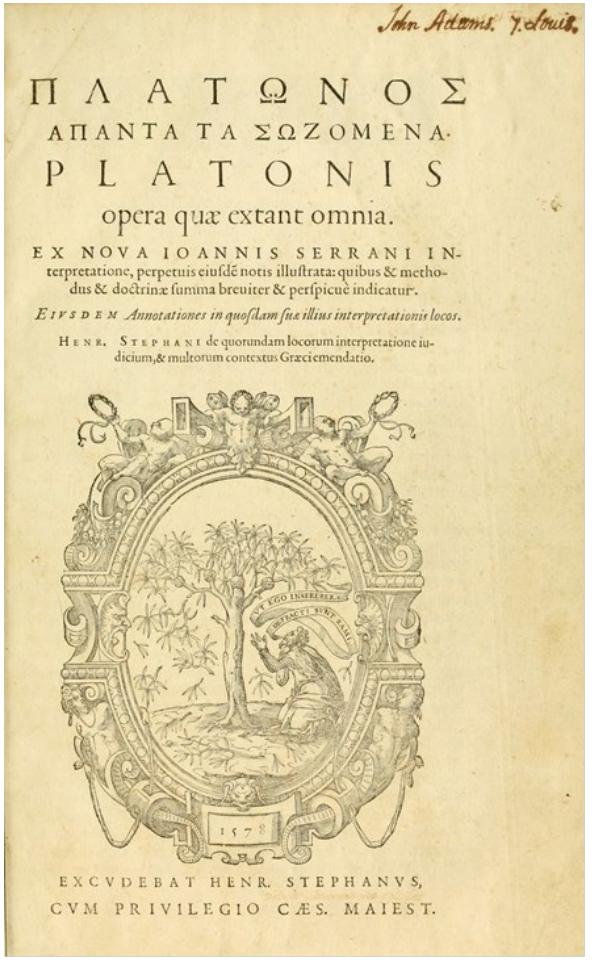
THE AUTHOR RESERVES THE RIGHT OF TRANSLATION.

currency, that good and bad money cannot circulate together. The fact had been repeatedly observed before, as we have seen, but no one, that we are aware, had discovered the necessary relation between the facts, before Sir Thomas Gresham. As this is of fundamental importance in Political Economy, it may perhaps interest our readers to quote the first passage that we are aware of in which it is noticed. It was during the great misery caused by the Peloponnesian war at Athens, that a spurious and debased gold coin was first issued, 407 B.C. The old Attic currency, which was always distinguished for its remarkable purity, immediately disappeared from circulation. And the fact is thus noticed by Aristophanes;* "The state has very often appeared to us to be placed in the same position towards the good and noble citizens, as it is with regard to the old currency and the new gold. For we make no use at all of those which are not adulterated, but the most beautiful of all money, as it would seem, which are alone well coined and ring properly, both among Greeks and foreigners, but of this base copper struck only yesterday, and recently, of a most villainous stamp. And such of the citizens as we know to be well born and prudent, and honorable gentlemen, and educated in the palæstra, and chorus, and liberal knowledge, we insult. But the impudent and foreigners, and the base born, and the rascals, and the sons of rascals, and those most recently come, we employ." This fact thus first noticed by Aristophanes was, as we have already seen, repeatedly noticed by contemporary writers in England. But Sir Thomas Gresham was we believe the first to affirm that one was the cause of the other. He was presented to the Queen only three days after her accession, by Cecil, and she immediately employed him to negociate a loan which was necessary in the exhausted state of the Treasury left by Mary. Before leaving for Flanders, he

Ancient Greek Economic Thought



Plato (427–347 BCE)
Statue by Leonidas Drossis
Academy of Athens


John Adams. 7. Louis.
ΠΛΑΤΩΝΟΣ
ΑΠΑΝΤΑ ΤΑ ΣΩΖΟΜΕΝΑ·
PLATONIS
opera quæ extant omnia.
EX NOVA IOANNIS SERRANI INterpretatione, perpetuis eiusdē notis illustrata: quibus & methodus & doctrinæ summa breuiter & perspicuè indicatur.
EIVSDEM Annotationes in quosdam suæ illius interpretationis locos.
HENR. STEPHANI de quorundam locorum interpretatione iudicium, & multorum contextus Græci emendatio.
EXCVDEBAT HENR. STEPHANVS,
CVM PRIVILEGIO CÆS. MAIEST.

The Complete Works of Plato
by Henricus Stephanus (Henri Estienne), Geneva1578.

369 ἐν ταῖς πόλεσιν ζητήσωμεν ποῖόν τί ἐστιν· ἔπειτα οὕτως ἐπισκεψώμεθα καὶ ἐν ἑνὶ ἑκάστῳ, τὴν τοῦ μείζονος ὁμοιότητα ἐν τῇ τοῦ ἐλάττονος ἰδέᾳ ἐπισκοποῦντες.

Ἀλλά μοι δοκεῖς, ἔφη, καλῶς λέγειν.

Ἆρ' οὖν, ἦν δ' ἐγώ, εἰ γιγνομένην πόλιν θεασαίμεθα λόγῳ, καὶ τὴν δικαιοσύνην αὐτῆς ἴδοιμεν ἂν γιγνομένην καὶ τὴν ἀδικίαν;

Τάχ' ἄν, ἦ δ' ὅς.

Οὐκοῦν γενομένου αὐτοῦ ἐλπὶς εὐπετέστερον ἰδεῖν ὃ ζητοῦμεν;

b Πολύ γε.

Δοκεῖ οὖν χρῆναι ἐπιχειρῆσαι περαίνειν; οἶμαι μὲν γὰρ οὐκ ὀλίγον ἔργον αὐτὸ εἶναι· σκοπεῖτε οὖν.

Ἔσκεπται, ἔφη ὁ Ἀδείμαντος· ἀλλὰ μὴ ἄλλως ποίει.

Γίγνεται τοίνυν, ἦν δ' ἐγώ, πόλις, ὡς ἐγῷμαι, ἐπειδὴ τυγχάνει ἡμῶν ἕκαστος οὐκ αὐτάρκης, ἀλλὰ πολλῶν ἐνδεής· ἢ τίν' οἴει ἀρχὴν ἄλλην πόλιν οἰκίζειν;

Οὐδεμίαν, ἦ δ' ὅς.

c Οὕτω δὴ ἄρα παραλαμβάνων ἄλλος ἄλλον, ἐπ' ἄλλου, τὸν δ' ἐπ' ἄλλου χρείᾳ, πολλῶν δεόμενοι, πολλοὺς εἰς μίαν οἴκησιν ἀγείραντες κοινωνούς τε καὶ βοηθούς, ταύτῃ τῇ συνοικίᾳ ἐθέμεθα πόλιν ὄνομα· ἦ γάρ;

Πάνυ μὲν οὖν.

then, let's firstly try to find out what kind of a thing it is in states, then let's examine it in this way in each individual too by looking closely at the resemblance of the greater in the form of the lesser."

"Well, I think you've got a good idea there," he said.

"So if we were to look at a state coming into being in theory, we would also be able to see its justice and injustice coming into being, wouldn't we?"

"Probably," he said.

"So that means that when it has taken shape, we can expect to see what we are looking for more easily, doesn't it?"

"Very much so."

"So do you think we should attempt to go through with it? Because I think it is no small undertaking. So, think it over."

"We have done so," said Adeimantus. "Please go ahead."

"Well then as I see it, a state comes into being since each of us is not independent, but actually needs the support of many people.[42] Or what other way of founding a state do you think there is?"

"None," he said.

"Right then, by associating with each other, one person in need of another, and another of someone else, we need many people, and after bringing many together into one settlement as associates and helpers, we give this community the name of state, do we not?"

"Certainly."

Lack of self sufficiency creates the need for the state

Μεταδίδωσι δὴ ἄλλος ἄλλῳ, εἴ τι μεταδίδωσιν, ἢ μεταλαμβάνει, οἰόμενος αὐτῷ ἄμεινον εἶναι;

Πάνυ γε.

Ἴθι δή, ἦν δ' ἐγώ, τῷ λόγῳ ἐξ ἀρχῆς ποιῶμεν πόλιν· ποιήσει δὲ αὐτήν, ὡς ἔοικεν, ἡ ἡμετέρα χρεία.

Πῶς δ' οὔ;

d Ἀλλὰ μὴν πρώτη γε καὶ μεγίστη τῶν χρειῶν ἡ τῆς τροφῆς παρασκευὴ τοῦ εἶναί τε καὶ ζῆν ἕνεκα.

Παντάπασί γε.

Δευτέρα δὴ οἰκήσεως, τρίτη δὲ ἐσθῆτος καὶ τῶν τοιούτων.

Ἔστι ταῦτα.

Φέρε δή, ἦν δ' ἐγώ, πόση[8] πόλις ἀρκέσει ἐπὶ τοσαύτην παρασκευήν; ἄλλο τι γεωργὸς μὲν εἷς, ὁ δὲ οἰκοδόμος, ἄλλος δέ τις ὑφάντης; ἢ καὶ σκυτοτόμον αὐτόσε προσθήσομεν ἤ τιν' ἄλλον τῶν περὶ τὸ σῶμα θεραπευτήν;

Πάνυ γε.

Εἴη δ' ἂν ἥ γε ἀναγκαιοτάτη πόλις ἐκ τεττάρων ἢ πέντε ἀνδρῶν.

e Φαίνεται.

Τί δὴ οὖν; ἕνα ἕκαστον τούτων δεῖ τὸ αὑτοῦ ἔργον ἅπασι κοινὸν κατατιθέναι, οἷον τὸν γεωργὸν ἕνα ὄντα παρασκευάζειν σιτία τέτταρσιν καὶ τετραπλάσιον χρόνον τε καὶ πόνον ἀναλίσκειν | ἐπὶ σίτου παρασκευῇ καὶ ἄλλοις κοινωνεῖν, ἢ ἀμελήσαντα ἑαυτῷ μόνον τέταρτον

"They each share things with each other, if there is something to share, or exchange them, thinking that it is better for each of them in this way, don't they?"

"Yes."

"Come on then," I said, "let's make a theoretical state from scratch. I think our need for it will build it for us."

"It certainly will."

"But the first and greatest of our needs is the provision of food in order to survive and live."

"Absolutely."

"Secondly we need somewhere to live, thirdly clothes and things like that."

"That's right."

"Right then," I said. "What size of state will be capable of providing for those needs?[43] We need one farmer to do one job, a builder to do another; do we need another as a weaver? Shall we also add a shoemaker, or anyone else to deal with our physical needs?"

"Yes."

"Then our most basic state would consist of four or five people."[44]

"It looks like it."

"So what then? Each one of these must do his job for the common good of all; for example, our farmer must provide food for four and spend four times the amount and effort on producing food and share it with the rest. Or he could neglect them and produce a quarter of this

Start from scratch:
Food, shelter, clothes, shoes

370 μέρος ποιεῖν τούτου τοῦ σίτου ἐν τετάρτῳ μέρει τοῦ χρόνου, τὰ δὲ τρία, τὸ μὲν ἐπὶ τῇ τῆς οἰκίας παρασκευῇ διατρίβειν, τὸ δὲ ἱματίου, τὸ δὲ ὑποδημάτων, καὶ μὴ ἄλλοις κοινωνοῦντα πράγματα ἔχειν, ἀλλ' αὐτὸν δι' αὑτὸν τὰ αὑτοῦ πράττειν; |

Καὶ ὁ Ἀδείμαντος ἔφη· Ἀλλ' ἴσως, ὦ Σώκρατες, οὕτω ῥᾷον ἢ ἐκεῖνος.

Οὐδέν, ἦν δ' ἐγώ, μὰ Δία ἄτοπον. ἐννοῶ γὰρ καὶ αὐτὸς

b εἰπόντος σοῦ, ὅτι πρῶτον μὲν ἡμῶν φύεται ἕκαστος οὐ πάνυ ὅμοιος ἑκάστῳ, ἀλλὰ διαφέρων τὴν φύσιν, ἄλλος ἐπ' ἄλλου ἔργου πρᾶξιν. ἢ οὐ δοκεῖ σοι;

Ἔμοιγε.

Τί δέ; πότερον κάλλιον πράττοι ἄν τις εἷς ὢν πολλὰς τέχνας ἐργαζόμενος, | ἢ ὅταν μίαν εἷς;

Ὅταν, ἦ δ' ὅς, εἷς μίαν.

Ἀλλὰ μὴν οἶμαι καὶ τόδε δῆλον, ὡς, ἐάν τίς τινος παρῇ ἔργου καιρόν, διόλλυται.

Δῆλον γάρ. |

Οὐ γὰρ οἶμαι ἐθέλει τὸ πραττόμενον τὴν τοῦ πράττοντος

c σχολὴν περιμένειν, ἀλλ' ἀνάγκη τὸν πράττοντα τῷ πραττομένῳ ἐπακολουθεῖν μὴ ἐν παρέργου μέρει.

Ἀνάγκη.

food for himself in a quarter of the time, and the other three quarters he could spend on building his house, making his clothes, his shoes and have no dealings in common with the rest, just doing his own job for himself alone?"[45]

Now Adeimantus said: "Perhaps the former is easier than the latter, Socrates."[46]

"That would not be at all surprising," I said. "For I myself was reflecting, since you mentioned it, that in the first place we are none of us much like each other, but being different in nature all of us are good at activities which are different from each another; or don't you agree?"

"I do."

"Well then would a man working at many tasks do better than when one man does one job?"

"No: one man one job," he said.

"And furthermore, I think that it is quite clear that if anyone misses the ideal moment for doing some job, the result is fatal."

"Yes that's clear enough."

"For I don't think that the work will wait for the workman's leisure, but the worker must give it his attention and not regard it as a sideline."

"That must be so."

No waste of time:
One task each

Ἐκ δὴ τούτων πλείω τε ἕκαστα γίγνεται καὶ κάλλιον καὶ ῥᾷον, ὅταν εἷς ἓν κατὰ φύσιν καὶ ἐν καιρῷ, σχολὴν τῶν ἄλλων ἄγων, πράττῃ. |

Παντάπασι μὲν οὖν.

Πλειόνων δή, ὦ Ἀδείμαντε, δεῖ πολιτῶν ἢ τεττάρων ἐπὶ τὰς παρασκευὰς ὧν ἐλέγομεν. ὁ γὰρ γεωργός, ὡς ἔοικεν, οὐκ αὐτὸς
d ποιήσεται ἑαυτῷ τὸ ἄροτρον, εἰ μέλλει καλὸν εἶναι, οὐδὲ σμινύην, οὐδὲ τἆλλα ὄργανα ὅσα περὶ γεωργίαν. οὐδ' αὖ ὁ οἰκοδόμος· πολλῶν δὲ καὶ τούτῳ δεῖ. ὡσαύτως δὲ ὁ ὑφάντης τε καὶ ὁ σκυτοτόμος.

Ἀληθῆ. |

Τέκτονες δὴ καὶ χαλκῆς καὶ τοιοῦτοί τινες πολλοὶ δημιουργοί, κοινωνοὶ ἡμῖν τοῦ πολιχνίου γιγνόμενοι, συχνὸν αὐτὸ ποιοῦσιν.

Πάνυ μὲν οὖν.

Ἀλλ' οὐκ ἄν πω πάνυ γε μέγα τι εἴη, εἰ αὐτοῖς βουκόλους | τε
e καὶ ποιμένας τούς τε ἄλλους νομέας προσθείμεν, ἵνα οἵ τε γεωργοὶ ἐπὶ τὸ ἀροῦν ἔχοιεν βοῦς, οἵ τε οἰκοδόμοι πρὸς τὰς ἀγωγὰς μετὰ τῶν γεωργῶν χρῆσθαι ὑποζυγίοις, ὑφάνται δὲ καὶ σκυτοτόμοι δέρμασίν τε καὶ ἐρίοις.

Οὐδέ γε, ἦ δ' ὅς, σμικρὰ πόλις ἂν εἴη ἔχουσα πάντα ταῦτα. |

Ἀλλὰ μήν, ἦν δ' ἐγώ, κατοικίσαι γε αὐτὴν τὴν πόλιν εἰς τοιοῦτον τόπον οὗ ἐπεισαγωγίμων μὴ δεήσεται, σχεδόν τι ἀδύνατον.

Ἀδύνατον γάρ.

"Indeed as a result of this all these things grow and become better and easier when one man does one job according to his aptitudes and opportunities, and leaves everything else alone."

"Absolutely."

"Indeed, Adeimantus, we need more than four citizens to produce what we were talking about. Our farmer is not going to be likely to make his own plow, if it is to be a good one, nor a hoe, nor any of the other tools used in farming. The same is also true of the builder. We need more here as well. And the same goes with our weaver and shoemaker, right?"

"Yes, true."

"Carpenters and blacksmiths and many skilled workers of this sort sharing our little town with us will swell the numbers."

"They certainly will."

"Yet it still wouldn't be anything very big, even if we add to these cowherds, shepherds and all the other kinds of herdsmen, in order that the farmers can have oxen to use for plowing, the builders pack animals to deliver their materials along with the farmers, and our weavers and shoemakers skins and fleeces."

"Yet it certainly wouldn't be a small state either, with all these," he said.

"And there's another thing," I said. "It would be almost impossible to build the state itself in the sort of place where there is no call for imported goods."

"Yes, impossible."

Tools for the job made by somebody else

Προσδεήσει ἄρα ἔτι καὶ ἄλλων, | οἱ ἐξ ἄλλης πόλεως αὐτῇ κομιοῦσιν ὧν δεῖται.

Δεήσει.

371 Καὶ μὴν κενὸς ἂν ἴῃ ὁ διάκονος, μηδὲν ἄγων ὧν ἐκεῖνοι δέονται παρ' ὧν ἂν κομίζωνται ὧν ἂν αὐτοῖς χρεία, κενὸς ἄπεισιν. ἦ γάρ;

Δοκεῖ μοι.

Δεῖ δὴ τὰ οἴκοι μὴ μόνον ἑαυτοῖς ποιεῖν ἱκανά, ἀλλὰ καὶ οἷα καὶ ὅσα ἐκείνοις ὧν ἂν δέωνται. |

Δεῖ γάρ.

Πλειόνων δὴ γεωργῶν τε καὶ τῶν ἄλλων δημιουργῶν δεῖ ἡμῖν τῇ πόλει.

Πλειόνων γάρ. |

Καὶ δὴ καὶ τῶν ἄλλων διακόνων που τῶν τε εἰσαξόντων καὶ ἐξαξόντων ἕκαστα. οὗτοι δέ εἰσιν ἔμποροι· ἦ γάρ;

Ναί.

Καὶ ἐμπόρων δὴ δεησόμεθα.

Πάνυ γε.

b Καὶ ἐὰν μέν γε κατὰ θάλατταν ἡ ἐμπορία γίγνηται, συχνῶν καὶ ἄλλων προσδεήσεται τῶν ἐπιστημόνων τῆς περὶ τὴν θάλατταν ἐργασίας.

Συχνῶν μέντοι.

Τί δὲ δή; ἐν αὐτῇ τῇ πόλει πῶς ἀλλήλοις μεταδώσουσιν ὧν ἂν ἕκαστοι ἐργάζωνται; | ὧν δὴ ἕνεκα καὶ κοινωνίαν ποιησάμενοι πόλιν ᾠκίσαμεν.

Δῆλον δή, ἦ δ' ὅς, ὅτι πωλοῦντες καὶ ὠνούμενοι.

No state self-sufficient
Surplus. Need for merchants

"Then we shall need yet other things that we lack which will be brought in from another state."

"We shall."

"And there again if the supplier arrives empty handed without bringing any of the things which are needed by those people who are supplying what his people need, he will go away empty handed, won't he?"

"I should think so."

"So they must make not only enough for their own use, but also enough of the kind of things the other people need."

"They must."

"Then we need more farmers and other artisans for our state."

"We do."

"And what's more, other suppliers to import and export every kind of commodity. And these are our merchants, aren't they?"

"Yes."

"So we need merchants?"

"Yes."

"And if our trade is by sea, then we shall also need plenty of others who understand seafaring."

"Yes, plenty of those."

"Now what about this? In the state itself, how will they share with each other the produce they are each working at? Which is after all the reason we made a community and built a state."

"Obviously by buying and selling," he said.

Ἀγορὰ δὴ ἡμῖν καὶ νόμισμα σύμβολον τῆς ἀλλαγῆς ἕνεκα γενήσεται ἐκ τούτου.

Πάνυ μὲν οὖν.

c Ἂν οὖν κομίσας ὁ γεωργὸς εἰς τὴν ἀγοράν τι ὧν ποιεῖ, ἢ τις ἄλλος τῶν δημιουργῶν, μὴ εἰς τὸν αὐτὸν χρόνον ἥκῃ τοῖς δεομένοις τὰ παρ' αὐτοῦ ἀλλάξασθαι, ἀργήσει τῆς αὐτοῦ δημιουργίας καθήμενος ἐν ἀγορᾷ;

Οὐδαμῶς, ἦ δ' ὅς, ἀλλὰ εἰσὶν οἳ τοῦτο ὁρῶντες ἑαυτοὺς ἐπὶ τὴν διακονίαν τάττουσιν ταύτην, ἐν μὲν ταῖς ὀρθῶς οἰκουμέναις πόλεσι σχεδόν τι οἱ ἀσθενέστατοι τὰ σώματα καὶ ἀχρεῖοί τι

d ἄλλο ἔργον πράττειν. αὐτοῦ γὰρ δεῖ μένοντας αὐτοὺς περὶ τὴν ἀγορὰν τὰ μὲν ἀντ' ἀργυρίου ἀλλάξασθαι τοῖς τι δεομένοις ἀποδόσθαι, τοῖς δὲ ἀντὶ αὖ ἀργυρίου διαλλάττειν ὅσοι τι δέονται πρίασθαι.

Αὕτη ἄρα, ἦν δ' ἐγώ, ἡ χρεία καπήλων ἡμῖν γένεσιν ἐμποιεῖ τῇ πόλει. ἢ οὐ καπήλους καλοῦμεν τοὺς πρὸς ὠνήν τε καὶ πρᾶσιν διακονοῦντας ἱδρυμένους ἐν ἀγορᾷ, τοὺς δὲ πλανήτας ἐπὶ τὰς πόλεις ἐμπόρους; Πάνυ μὲν οὖν.

e Ἔτι δή τινες, ὡς ἐγῷμαι, εἰσὶ καὶ ἄλλοι διάκονοι, οἳ ἂν τὰ μὲν τῆς διανοίας μὴ πάνυ ἀξιοκοινώνητοι ὦσιν, τὴν δὲ τοῦ σώματος ἰσχὺν ἱκανὴν ἐπὶ τοὺς πόνους ἔχωσιν· οἳ δὴ πωλοῦντες τὴν τῆς ἰσχύος χρείαν, τὴν τιμὴν ταύτην | μισθὸν καλοῦντες, κέκληνται, ὡς ἐγῷμαι, μισθωτοί· ἦ γάρ;

Ναί. [πάνυ μὲν οὖν]

Markets and currency

"So we shall have a market place, and coinage as a token of exchange resulting from this?"

"Certainly."

"If then our farmer, or one of the other workmen, brings some of his produce to the market place, and does not arrive at the same time as those who need to exchange goods, he will be sitting idly in the market place instead of being occupied with his proper work?"

"Not a bit of it," he said. "There are after all those who see this and set themselves up to provide this service. In properly run states they are generally those who are physically the weakest and are of no use at doing any other work. For they have to stay there around the market place to exchange goods for money with those who want to sell something, and on the other hand exchange money for goods with those who want to buy something." "This need then gives us the origin of traders in our state," I said. "Or do we not call those who sweat and toil in the market place in order to buy and sell things traders, and those who wander between states merchants?"[47]

"Certainly."

"There are still some other workers, I think, who are not altogether worthy of our community in terms of their intelligence, but who have sufficient physical strength for hard labor. Those then who sell the use of their strength call their recompense for this 'pay,' and I think I am right that they are known as wage earners, aren't they?"

"Certainly."

Contempt for wage-earners

Πλήρωμα δὴ πόλεώς εἰσιν, ὡς ἔοικε, καὶ μισθωτοί. Δοκεῖ μοι.

Ἆρ' οὖν, ὦ Ἀδείμαντε, ἤδη ἡμῖν ηὔξηται ἡ πόλις, ὥστ' εἶναι τελέα; |

Ἴσως.

Ποῦ οὖν ἄν ποτε ἐν αὐτῇ εἴη ἥ τε δικαιοσύνη καὶ ἡ ἀδικία; καὶ τίνι ἅμα ἐγγενομένη ὧν ἐσκέμμεθα;

372 Ἐγὼ μέν, ἔφη, οὐκ ἐννοῶ, ὦ Σώκρατες, εἰ μή που ἐν αὐτῶν τούτων χρείᾳ τινὶ τῇ πρὸς ἀλλήλους.

Ἀλλ' ἴσως, ἦν δ' ἐγώ, καλῶς λέγεις· καὶ σκεπτέον γε καὶ οὐκ ἀποκνητέον. |

Πρῶτον οὖν σκεψώμεθα τίνα τρόπον διαιτήσονται οἱ οὕτω παρεσκευασμένοι. ἄλλο τι ἢ σῖτόν τε ποιοῦντες καὶ οἶνον καὶ ἱμάτια καὶ ὑποδήματα; καὶ οἰκοδομησάμενοι οἰκίας, θέρους μὲν
b τὰ πολλὰ γυμνοί τε καὶ ἀνυπόδητοι ἐργάσονται, τοῦ δὲ χειμῶνος ἠμφιεσμένοι τε καὶ ὑποδεδεμένοι ἱκανῶς· θρέψονται δὲ ἐκ μὲν τῶν κριθῶν ἄλφιτα σκευαζόμενοι, ἐκ δὲ τῶν πυρῶν ἄλευρα, τὰ μὲν πέψαντες, τὰ δὲ μάξαντες, μάζας γενναίας καὶ ἄρτους ἐπὶ κάλαμόν τινα παραβαλλόμενοι | ἢ φύλλα καθαρά, κατακλινέντες ἐπὶ στιβάδων ἑστρωμένων μίλακί τε καὶ μυρρίναις, εὐωχήσονται αὐτοί τε καὶ τὰ παιδία, ἐπιπίνοντες τοῦ
c οἴνου, ἐστεφανωμένοι καὶ ὑμνοῦντες τοὺς θεούς, ἡδέως συνόντες ἀλλήλοις, οὐχ ὑπὲρ τὴν οὐσίαν ποιούμενοι τοὺς παῖδας, εὐλαβούμενοι πενίαν ἢ πόλεμον.

Possibility of a simple living with no luxuries

"So that means that those who make up the full complement of our state are the wage earners, it seems."

"I think so."

"So, Adeimantus, is our state now expanded enough to be complete?"

"Perhaps."

"Whereabouts then would justice and injustice be in it? In which of those areas we've been examining did they originate?"

"For my part, Socrates," he said, "I have no idea, unless I suppose it was in the need of those same people regarding their mutual interests."

"Well, perhaps you are right there," I said. "We must look at it and not shy away from it.

"First of all then, let's look at the kind of life the people will live who have been provided for in this way. Will they make anything other than food, wine, clothing and shoes? They will also build houses, in summer working for the most part naked and unshod, while in winter they will be adequately wrapped up and wearing shoes. They will be fed on barley meal which they prepare themselves; they will make flour from wheat, cook or knead some of it, serve excellent barley cakes and bread on a reed, or clean leaves; lie on straw beds strewn with holm oak and myrtle; they and their children will eat sumptuously, drink wine, wear garlands and sing praises to the gods, while living in harmony with each other, not producing children beyond their means, taking care to avoid hunger and war."

Republic

Καὶ ὁ Γλαύκων ὑπολαβών, Ἄνευ ὄψου, ἔφη, ὡς ἔοικας, ποιεῖς τοὺς ἄνδρας ἑστιωμένους.

Ἀληθῆ, ἦν δ' ἐγώ, λέγεις. ἐπελαθόμην ὅτι καὶ ὄψον ἕξουσιν, | ἅλας τε δῆλον ὅτι καὶ ἐλάας καὶ τυρόν, καὶ βολβοὺς καὶ λάχανά γε, οἷα δὴ ἐν ἀγροῖς ἑψήματα, ἑψήσονται. καὶ τραγήματά που παραθήσομεν αὐτοῖς τῶν τε σύκων καὶ ἐρεβίνθων καὶ κυάμων,
d καὶ μύρτα καὶ φηγοὺς σποδιοῦσιν πρὸς τὸ πῦρ, μετρίως ὑποπίνοντες· καὶ οὕτω διάγοντες τὸν βίον ἐν εἰρήνῃ μετὰ ὑγιείας, ὡς εἰκός, γηραιοὶ τελευτῶντες ἄλλον τοιοῦτον βίον τοῖς ἐκγόνοις παραδώσουσιν.

Καὶ ὅς, Εἰ δὲ ὑῶν πόλιν, ὦ Σώκρατες, ἔφη, | κατεσκεύαζες, τί ἂν αὐτὰς ἄλλο ἢ ταῦτα ἐχόρταζες;

Ἀλλὰ πῶς χρή, ἦν δ' ἐγώ, ὦ Γλαύκων;

e Ἅπερ νομίζεται, ἔφη· ἐπί τε κλινῶν κατακεῖσθαι οἶμαι τοὺς μέλλοντας μὴ ταλαιπωρεῖσθαι, καὶ ἀπὸ τραπεζῶν δειπνεῖν, καὶ ὄψα ἅπερ καὶ οἱ νῦν ἔχουσι καὶ τραγήματα.

Εἶεν, ἦν δ' ἐγώ· μανθάνω. οὐ πόλιν, ὡς ἔοικε, σκοποῦμεν μόνον ὅπως γίγνεται, ἀλλὰ καὶ τρυφῶσαν πόλιν. ἴσως οὖν οὐδὲ κακῶς ἔχει· σκοποῦντες γὰρ καὶ τοιαύτην τάχ' ἂν | κατίδοιμεν τήν τε δικαιοσύνην καὶ ἀδικίαν ὅπῃ ποτὲ ταῖς πόλεσιν ἐμφύονται. ἡ μὲν οὖν ἀληθινὴ πόλις δοκεῖ μοι εἶναι ἣν διεληλύθαμεν, ὥσπερ ὑγιής τις· εἰ δ' αὖ βούλεσθε, καὶ
373 φλεγμαίνουσαν πόλιν θεωρήσωμεν· οὐδὲν ἀποκωλύει. ταῦτα γὰρ δή

Book II

Glaucon retorted: "It seems you are making your people dine without relishes."[48]

"That's true," I said. "I had forgotten they will have relishes. Of course they will have salt, olives and cheese, also boil up roots and herbs, the sort of vegetables they boil up in the country, and I imagine we shall add to these dried figs, chickpeas and beans; they will roast myrtle berries and acorns in the ashes near the fire while they drink in moderation. So, it seems, they will spend their lives in peace and good health; they will reach old age and pass on to their successors a life just like this one."

"If you were setting up a city of pigs, Socrates," said Glaucon, "what else would you feed them on but this?"[49]

"Well how should I feed them then, Glaucon?" I asked.

"In the customary way," he said. "I think that to avoid suffering any hardship they should recline on couches, eat off tables and eat food and desserts as people do nowadays."

"Well then," I said, "I see. It looks as if we are not only considering how a state comes into being, but also one that is luxurious. Perhaps then it is not that bad an idea, for in examining one like that also, we may observe where justice and injustice take root in states. Now the genuine state seems to me to be the one we've dealt with and gone through in detail as a healthy one. But again if you want, we can look at an inflamed one. There's nothing to stop us.

We can have simple luxuries, but we are not pigs. We need not a healthy but an inflamed state

τισιν, ὡς δοκεῖ, οὐκ ἐξαρκέσει, οὐδὲ αὕτη ἡ δίαιτα, ἀλλὰ κλῖναί τε προσέσονται καὶ τράπεζαι καὶ τἆλλα σκεύη, καὶ ὄψα δὴ καὶ μύρα καὶ θυμιάματα καὶ ἑταῖραι καὶ πέμματα, ἕκαστα τούτων παντοδαπά. καὶ δὴ καὶ ἃ τὸ πρῶτον ἐλέγομεν οὐκέτι ταναγκαῖα θετέον, | οἰκίας τε καὶ ἱμάτια καὶ ὑποδήματα, ἀλλὰ τήν τε ζωγραφίαν κινητέον καὶ τὴν ποικιλίαν,[9] καὶ χρυσὸν καὶ ἐλέφαντα καὶ πάντα τὰ τοιαῦτα κτητέον. ἦ γάρ;

b Ναί, ἔφη.

Οὐκοῦν μείζονά τε αὖ τὴν πόλιν δεῖ ποιεῖν· ἐκείνη γὰρ ἡ ὑγιεινὴ οὐκέτι ἱκανή, ἀλλ' ἤδη ὄγκου ἐμπληστέα καὶ πλήθους, ἃ οὐκέτι τοῦ ἀναγκαίου ἕνεκά ἐστιν ἐν ταῖς πόλεσιν, | οἷον οἵ τε θηρευταὶ πάντες οἵ τε μιμηταί, πολλοὶ μὲν οἱ περὶ τὰ σχήματά τε καὶ χρώματα, πολλοὶ δὲ οἱ περὶ μουσικήν, ποιηταί τε καὶ

c τούτων ὑπηρέται, ῥαψῳδοί, ὑποκριταί, χορευταί, ἐργολάβοι, σκευῶν τε παντοδαπῶν δημιουργοί, τῶν τε ἄλλων καὶ τῶν περὶ τὸν γυναικεῖον κόσμον. καὶ δὴ καὶ διακόνων πλειόνων δεησόμεθα· ἢ οὐ δοκεῖ δεήσειν παιδαγωγῶν, τιτθῶν, τροφῶν, κομμωτριῶν, κουρέων, καὶ αὖ ὀψοποιῶν τε καὶ μαγείρων; ἔτι δὲ καὶ συβωτῶν προσδεησόμεθα· τοῦτο γὰρ ἡμῖν ἐν | τῇ προτέρᾳ πόλει οὐκ ἐνῆν—ἔδει γὰρ οὐδέν—ἐν δὲ ταύτῃ καὶ τούτου προσδεήσει. δεήσει δὲ καὶ τῶν ἄλλων βοσκημάτων παμπόλλων, εἴ τις αὐτὰ ἔδεται· ἦ γάρ;

Πῶς γὰρ οὔ;

States must become bigger to accommodate for demands for more luxuries

You see I can assure you that these conditions apparently will not satisfy some people, nor even this way of life, unless they also have beds, tables and other furnishings; relishes, perfumes, incense and call girls; and each and every kind of pastry. Moreover what we were describing: houses, clothes and shoes, must no longer be taken as the bare essentials: but we must call into play painting and embroidery, and we must acquire gold, ivory and all such things as that. Isn't that so?"

"Yes," he said.

"In that case we must make our state even bigger, mustn't we? For our healthy one is no longer adequate, but already must be filled with hordes of people who are no longer in our states for essential purposes, such as all the huntsmen and all the artists: many of whom are concerned with form and color, many with music; poets and their attendants; professional reciters, actors, dancers;[50] contractors; makers of all kinds of products, both for the adornment of women and for other purposes. And on top of that we shall need even more servants. If that were not enough, don't you think we shall need minders, nurses and nannies,[51] dressers, barbers and again cooks and butchers? Furthermore we shall need swineherds, as we didn't have any in our previous state: we didn't need them, but we shall in this one. We shall also need other animals in very large numbers, if anyone is going to eat them, won't we?"

"Of course."

d Οὐκοῦν καὶ ἰατρῶν ἐν χρείᾳ ἐσόμεθα πολὺ μᾶλλον οὕτω διαιτώμενοι ἢ ὡς τὸ πρότερον;

Πολύ γε.

Καὶ ἡ χώρα που, ἡ τότε ἱκανὴ τρέφειν τοὺς τότε, | σμικρὰ δὴ ἐξ ἱκανῆς ἔσται. ἢ πῶς λέγομεν; Οὕτως, ἔφη.

Οὐκοῦν τῆς τῶν πλησίον χώρας ἡμῖν ἀποτμητέον, εἰ μέλλομεν ἱκανὴν ἕξειν νέμειν τε καὶ ἀροῦν, καὶ ἐκείνοις αὖ τῆς ἡμετέρας, ἐὰν καὶ ἐκεῖνοι ἀφῶσιν αὐτοὺς ἐπὶ χρημάτων κτῆσιν ἄπειρον, ὑπερβάντες τὸν τῶν ἀναγκαίων ὅρον;

e Πολλὴ ἀνάγκη, ἔφη, ὦ Σώκρατες.

Πολεμήσομεν δὴ τὸ μετὰ τοῦτο, ὦ Γλαύκων; ἢ πῶς ἔσται;

Οὕτως, ἔφη.

Καὶ μηδέν γέ πω λέγωμεν, ἦν δ' ἐγώ, μήτ' εἴ τι | κακὸν μήτ' εἰ ἀγαθὸν ὁ πόλεμος ἐργάζεται, ἀλλὰ τοσοῦτον μόνον, ὅτι πολέμου αὖ γένεσιν ηὑρήκαμεν, ἐξ ὧν μάλιστα ταῖς πόλεσιν καὶ ἰδίᾳ καὶ δημοσίᾳ κακὰ γίγνεται, ὅταν γίγνηται.

Πάνυ μὲν οὖν.

374 Ἔτι δή, ὦ φίλε, μείζονος τῆς πόλεως δεῖ οὔ τι σμικρῷ, ἀλλ' ὅλῳ στρατοπέδῳ, ὃ ἐξελθὸν ὑπὲρ τῆς οὐσίας ἁπάσης καὶ ὑπὲρ ὧν νυνδὴ ἐλέγομεν διαμαχεῖται τοῖς ἐπιοῦσιν.

Τί δέ; ἦ δ' ὅς· αὐτοὶ οὐχ ἱκανοί;

Οὔκ, εἰ σύ γε, ἦν δ' ἐγώ, καὶ ἡμεῖς ἅπαντες ὡμολογήσαμεν καλῶς, | ἡνίκα ἐπλάττομεν τὴν πόλιν·

We then outgrow our needs, and we must take our neighbours' land. Need for professional army

"So we shall need doctors even more than in our previous state, if that's the way we are going to live."

"Indeed we shall."

"Also I suppose the country which in our previous model was sufficient to feed the people we had in it then will be small instead of adequate. Do you agree?"

"Yes," he said.

"In which case, shall we have to appropriate part of our neighbors' land if we are going to have enough for stock and arable farming? And will they do the same to us, if they too indulge themselves in the limitless acquisition of material goods and go beyond the bounds of basic necessities?"

"That's bound to happen, Socrates," he said.

"Consequently we shall go to war, Glaucon. Unless you see it differently?"

"No, you are absolutely right."

"Well let's say nothing as yet about whether war accomplishes anything good or bad," I said, "but only this much: that we have further discovered the origins of war out of which, when it happens, the greatest evil ensues for our states both collectively and individually."

"Certainly."

"Yet again, my friend," I said, "the state must become bigger, not by some small unit, but by a whole army which can go out and fight the assailants to defend all our property and the things we were talking about just now."

"Just a moment," he said, "you mean the citizens are not capable of doing it by themselves?"

"No," I said, "if you yourself and all of us were happy with the agreement we made when we formed our state.

ὡμολογοῦμεν δέ που, εἰ μέμνησαι, ἀδύνατον ἕνα πολλὰς καλῶς ἐργάζεσθαι τέχνας.

Ἀληθῆ λέγεις, ἔφη.

b Τί οὖν; ἦν δ' ἐγώ· ἡ περὶ τὸν πόλεμον ἀγωνία οὐ τεχνικὴ δοκεῖ εἶναι;

Καὶ μάλα, ἔφη.

Ἦ οὖν τι σκυτικῆς δεῖ μᾶλλον κήδεσθαι ἢ πολεμικῆς; |

Οὐδαμῶς.

Ἀλλ' ἆρα τὸν μὲν σκυτοτόμον διεκωλύομεν μήτε γεωργὸν ἐπιχειρεῖν εἶναι ἅμα μήτε ὑφάντην μήτε οἰκοδόμον ἀλλὰ σκυτοτόμον, ἵνα δὴ ἡμῖν τὸ τῆς σκυτικῆς ἔργον καλῶς γίγνοιτο, καὶ τῶν ἄλλων ἑνὶ ἑκάστῳ ὡσαύτως ἓν ἀπεδίδομεν, | πρὸς ὃ ἐπεφύκει ἕκαστος καὶ ἐφ' ᾧ ἔμελλε τῶν ἄλλων σχολὴν ἄγων διὰ

c βίου αὐτὸ ἐργαζόμενος οὐ παριεὶς τοὺς καιροὺς καλῶς ἀπεργάσεσθαι· τὰ δὲ δὴ περὶ τὸν πόλεμον πότερον οὐ περὶ πλείστου ἐστὶν εὖ ἀπεργασθέντα; ἢ οὕτω ῥᾴδιον, ὥστε καὶ γεωργῶν τις ἅμα πολεμικὸς ἔσται καὶ | σκυτοτομῶν καὶ ἄλλην τέχνην ἡντινοῦν ἐργαζόμενος, πεττευτικὸς δὲ ἢ κυβευτικὸς ἱκανῶς οὐδ' ἂν εἷς γένοιτο μὴ αὐτὸ τοῦτο ἐκ παιδὸς ἐπιτηδεύων,

d ἀλλὰ παρέργῳ χρώμενος; καὶ ἀσπίδα μὲν λαβὼν ἤ τι ἄλλο τῶν πολεμικῶν ὅπλων τε καὶ ὀργάνων αὐθημερὸν ὁπλιτικῆς

Warfare is a specialized business

I think we agreed, if you recall, it is impossible for one person to carry out many skilled tasks well."

"You're right," he said.

"So then," I said. "Don't you think that fighting a war is one of our skilled tasks?"[52]

"Very much so," he said.

"So ought there to be any more concern for shoemaking than warfare?"

"Absolutely not."

"Well, we prevented our shoemaker from trying to be a farmer at the same time, or a weaver, or a builder. He had to be a shoemaker in order that the job of making our shoes would be done well. So in the same way we gave one job to each one of the others for which he was suited by nature and at which he was to work all his life free from the other tasks, and not let his opportunities pass for making a fine job of it. So, as to the business of warfare, isn't it of the utmost importance that it should be carried out to perfection? Or is it so easy that even one of our farmers will be simultaneously competent in warfare, or even one of our shoemakers, or someone practicing any other art whatsoever; yet no one playing draughts, or dice, would become sufficiently competent, if he had treated it as a mere sideline and not practiced it since childhood? And, if he took up a shield or any other weapon or instrument of war, would he become that very same day a competent

ἤ τινος ἄλλης μάχης τῶν κατὰ πόλεμον ἱκανὸς ἔσται ἀγωνιστής, τῶν δὲ ἄλλων ὀργάνων οὐδὲν | οὐδένα δημιουργὸν οὐδὲ ἀθλητὴν ληφθὲν ποιήσει, οὐδ' ἔσται χρήσιμον τῷ μήτε τὴν ἐπιστήμην ἑκάστου λαβόντι μήτε τὴν μελέτην ἱκανὴν παρασχομένῳ;

Πολλοῦ γὰρ ἄν, ἦ δ' ὅς, τὰ ὄργανα ἦν ἄξια.

e Οὐκοῦν, ἦν δ' ἐγώ, ὅσῳ μέγιστον τὸ τῶν φυλάκων ἔργον, τοσούτῳ σχολῆς τε τῶν ἄλλων πλείστης ἂν εἴη καὶ αὖ τέχνης τε καὶ ἐπιμελείας μεγίστης δεόμενον.

Οἶμαι ἔγωγε, ἦ δ' ὅς.

Ἆρ' οὖν οὐ καὶ φύσεως ἐπιτηδείας εἰς αὐτὸ τὸ ἐπιτήδευμα; |

Πῶς δ' οὔ;

Ἡμέτερον δὴ ἔργον ἂν εἴη, ὡς ἔοικεν, εἴπερ οἷοί τ' ἐσμέν, ἐκλέξασθαι τίνες τε καὶ ποῖαι φύσεις ἐπιτήδειαι εἰς πόλεως φυλακήν.

Ἡμέτερον μέντοι.

Μὰ Δία, ἦν δ' ἐγώ, οὐκ ἄρα φαῦλον πρᾶγμα ἠράμεθα· ὅμως δὲ οὐκ ἀποδειλιατέον, ὅσον γ' ἂν δύναμις παρείκῃ.

375 Οὐ γὰρ οὖν, ἔφη.

Οἴει οὖν τι, ἦν δ' ἐγώ, διαφέρειν φύσιν γενναίου σκύλακος εἰς φυλακὴν νεανίσκου εὐγενοῦς;

Τὸ ποῖον λέγεις; |

Οἷον ὀξύν τέ που δεῖ αὐτοῖν ἑκάτερον εἶναι πρὸς

warrior as a hoplite, or in any other kind of fighting in war, though no other implement once taken up will make anyone a craftsman or an athlete, or be useful to him if he has not gained the knowledge of each one, or if he has not put in enough practice?"

"Implements would be worth a great deal, if they could do that," he said.

"So the job of the guardians[53] would require freedom from other jobs in proportion to its extreme importance, and what is more, it needs the greatest skill and attention."

"I certainly think so," he said.

"Then we need a suitable nature for this very pursuit, don't we?"

"Of course."

"It seems that it will be our job to select, if we can, who and what kind of people are by nature fit to guard our state."

"Yes, that's right."

"Zeus," I said, "so it was no small undertaking we've been taking on. Well we mustn't balk at it as long as our strength allows."

"No we mustn't."

"Do you think then, when it comes to guarding, that there is any difference in nature between a well-bred dog and a young man of good family?"

"What kind of differences are you talking about?"

"For example, both of them must be keen sighted and

Guardians must be fit to guard the state

αἴσθησιν καὶ ἐλαφρὸν πρὸς τὸ αἰσθανόμενον διωκάθειν, καὶ ἰσχυρὸν αὖ, ἐὰν δέῃ ἑλόντα διαμάχεσθαι.

Δεῖ γὰρ οὖν, ἔφη, πάντων τούτων.

Καὶ μὴν ἀνδρεῖόν γε, εἴπερ εὖ μαχεῖται.

Πῶς δ' οὔ;

Ἀνδρεῖος δὲ εἶναι ἆρα ἐθελήσει ὁ μὴ θυμοειδὴς εἴτε ἵππος εἴτε κύων ἢ ἄλλο ὁτιοῦν ζῷον; ἢ οὐκ ἐννενόηκας ὡς ἄμαχόν τε καὶ ἀνίκητον θυμός, οὗ παρόντος ψυχὴ πᾶσα πρὸς πάντα ἄφοβός τέ ἐστι καὶ ἀήττητος;

Ἐννενόηκα.

Τὰ μὲν τοίνυν τοῦ σώματος οἷον δεῖ τὸν φύλακα εἶναι, δῆλα.

Ναί.

Καὶ μὴν καὶ τὰ τῆς ψυχῆς, ὅτι γε θυμοειδῆ.

Καὶ τοῦτο.

Πῶς οὖν, ἦν δ' ἐγώ, ὦ Γλαύκων, οὐκ ἄγριοι ἀλλήλοις ἔσονται καὶ τοῖς ἄλλοις[10] πολίταις, ὄντες τοιοῦτοι τὰς φύσεις;

Μὰ Δία, ἦ δ' ὅς, οὐ ῥᾳδίως.

Ἀλλὰ μέντοι δεῖ γε πρὸς μὲν τοὺς οἰκείους πράους αὐτοὺς εἶναι, πρὸς δὲ τοὺς πολεμίους χαλεπούς· εἰ δὲ μή, οὐ περιμενοῦσιν ἄλλους σφᾶς διολέσαι, ἀλλ' αὐτοὶ φθήσονται αὐτὸ δράσαντες.

Ἀληθῆ, ἔφη.

Need to train them in order not to have problems

nimble at pursuing their prey when they have spotted it, and again strong when they need to fight it out when they have captured their quarry."

"Yes, they need all of those things," he said.

"And be brave too, if they are going to fight successfully."

"Of course."

"Will any animal, a horse, a dog, or any other be ready to be brave, if it is not strong in spirit? Or have you not noticed what an unconquerable and steadfast thing the spirit is which by its presence makes every soul fearless and invincible against everything?"[54]

"Yes, I have."

"So the physical qualities we need for a man to be a guardian are evident."

"Yes."

"And correspondingly, those of the soul, I mean strength of spirit?"

"Yes, that too."

"Then how can it be, Glaucon," I said, "that they won't be savage toward each other and the rest of our citizens[55] if that is what they are like by nature?"

"Zeus!" he said, "it won't be easy."

"Yet the fact is that they must be amenable toward their own people, but intractable against their enemies: otherwise they will not wait for others to destroy them, but will do it themselves first."

"That is true," he said.

ἀλλ' ὁ θεὸς πλάττων, | ὅσοι μὲν ὑμῶν ἱκανοὶ ἄρχειν, χρυσὸν ἐν τῇ γενέσει συνέμειξεν αὐτοῖς, διὸ τιμιώτατοί εἰσιν· ὅσοι δ' ἐπίκουροι, ἄργυρον· σίδηρον δὲ καὶ χαλκὸν τοῖς τε γεωργοῖς καὶ τοῖς ἄλλοις δημιουργοῖς. ἅτε οὖν συγγενεῖς ὄντες πάντες τὸ
b μὲν πολὺ ὁμοίους ἂν ὑμῖν αὐτοῖς γεννῷτε, ἔστι δ' ὅτε ἐκ χρυσοῦ γεννηθείη ἂν ἀργυροῦν καὶ ἐξ ἀργύρου χρυσοῦν ἔκγονον καὶ τἆλλα πάντα οὕτως ἐξ ἀλλήλων. τοῖς οὖν ἄρχουσι καὶ πρῶτον καὶ μάλιστα παραγγέλλει ὁ θεός, ὅπως μηδενὸς οὕτω | φύλακες ἀγαθοὶ ἔσονται μηδ' οὕτω σφόδρα φυλάξουσι μηδὲν ὡς τοὺς
c ἐκγόνους, ὅτι αὐτοῖς τούτων ἐν ταῖς ψυχαῖς παραμέμεικται, καὶ ἐάν τε σφέτερος ἔκγονος ὑπόχαλκος ἢ ὑποσίδηρος γένηται, μηδενὶ τρόπῳ κατελεήσουσιν, ἀλλὰ τὴν τῇ φύσει προσήκουσαν τιμὴν ἀποδόντες ὤσουσιν εἰς δημιουργοὺς ἢ εἰς γεωργούς, καὶ ἂν αὖ ἐκ τούτων τις ὑπόχρυσος ἢ ὑπάργυρος φυῇ, τιμήσαντες ἀνάξουσι τοὺς μὲν εἰς φυλακήν, τοὺς δὲ | εἰς ἐπικουρίαν, ὡς χρησμοῦ ὄντος τότε τὴν πόλιν διαφθαρῆναι, ὅταν αὐτὴν ὁ σιδηροῦς φύλαξ ἢ ὁ χαλκοῦς φυλάξῃ. τοῦτον οὖν τὸν μῦθον ὅπως ἂν πεισθεῖεν, ἔχεις τινὰ μηχανήν; Οὐδαμῶς, ἔφη, ὅπως γ' ἂν αὐτοὶ οὗτοι· ὅπως μεντἂν οἱ τούτων υἱεῖς καὶ οἱ ἔπειτα οἵ τ' ἄλλοι ἄνθρωποι οἱ ὕστερον.
d Ἀλλὰ καὶ τοῦτο, ἦν δ' ἐγώ, εὖ ἂν ἔχοι πρὸς τὸ μᾶλλον αὐτοὺς τῆς πόλεώς τε καὶ ἀλλήλων κήδεσθαι· σχεδὸν γάρ τι μανθάνω ὃ λέγεις. Καὶ τοῦτο μὲν δὴ

Myth of the metals

storytelling, 'but during the creation the god mixed gold in the production of those of you who are competent to govern, for which reason they are worthy of the greatest respect, and he put silver into those who are auxiliaries, iron and bronze in farmers and other artisans. For the most part you would produce offspring similar to yourselves, but, inasmuch as you are all fellow kinsmen, there are times when silver may be produced in the offspring from gold and gold from silver and all the others from each other in the same way. The god instructs his governors first and foremost that there is nothing of which they will be such good guardians and nothing they will protect so keenly as the mixture of metals in the souls of their offspring. Indeed if one of their offspring is born with a proportion of bronze or iron in him, then they will take no pity on him in any way, but will treat him according to his nature and thrust him out into the midst of the artisans or the farmers. Then again if any of them are born with a proportion of gold or silver in him, they will elevate some to be guardians and others auxiliaries on the grounds that there is an oracle that the city will be destroyed on that day when a guard with iron or bronze in him is on duty.' So, do you have any scheme to make this story plausible?"

"None at all that would convince these people themselves," he said, "However as to their sons, the following generations and the rest of the population who come after, that's a different matter."

"Yet even this would do," I said, "to get them to take greater care of the state and each other: for I can more or less understand what you are saying. This matter will go

ΠΛΟΥΤΟΛΟΓΙΑ

ΥΠΟ

Ι. Α. ΣΟΥΤΣΟΥ

Καθηγητοῦ τῆς πολιτικῆς Οἰκονομίας ἐν τῷ Ἐθνικῷ Πανεπιστημίῳ.

—

ΤΟΜΟΣ Α΄.

—

ΕΚΔΟΣΙΣ ΔΕΥΤΕΡΑ

Μετὰ διορθώσεων, εὐρυτέρων ἐξηγήσεων καὶ προσθηκῶν.

ΕΝ ΑΘΗΝΑΙΣ,

ΕΚ ΤΟΥ ΤΥΠΟΓΡΑΦΕΙΟΥ Ν. Γ. ΠΑΣΣΑΡΗ

—

1882.

ΚΕΦΑΛΑΙΟΝ ΤΕΤΑΡΤΟΝ.

Περὶ τῆς ἐργασίας κατ' ἰδίαν θεωρουμένης καὶ περὶ τῶν ὅρων καθ' οὓς αὕτη καθίσταται δραστηριωτέρα.

—

§ 2. *Περὶ ἐνεργείας τοῦ καταμερισμοῦ τῶν ἔργων.*

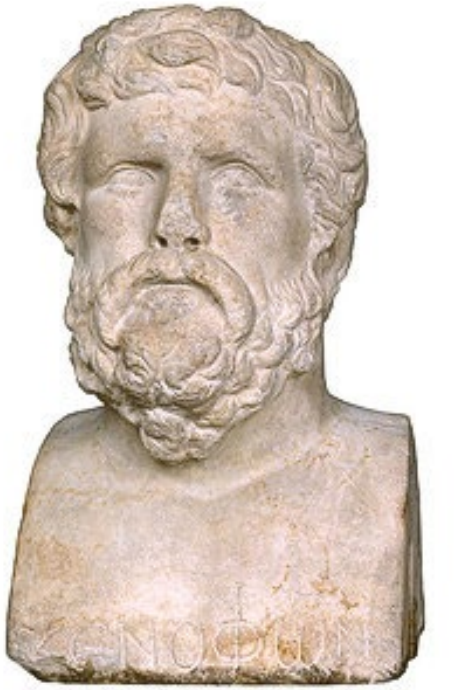
Ὁ Πλάτων ἐν Βιβλ. Β΄. Κεφ. ια΄. τῆς Πολιτείας αὐτοῦ λέγει·

«Γίγνεται τοίνυν, ἦν δ' ἐγώ, πόλις, ὡς ἐγ' ὦμαι, ἐπειδὴ τυγχάνει ἡμῶν ἕκαστος οὐκ αὐτάρκης, ἀλλὰ πολλῶν ἐνδεής, ἢ τίν' οἴει ἀρχὴν ἄλλην πόλιν οἰκίζειν; Οὐδεμίαν, ἦ δ' ὅς. Οὕτω δὴ ἄρα παραλαμβάνων ἄλλος ἄλλον ἐπ' ἄλλου, τὸν δ' ἐπ' ἄλλου χρείᾳ, πολλῶν δεόμενοι, πολλοὺς εἰς μίαν οἴκησιν ἀγείραντες κοινωνούς τε καὶ βοηθοὺς ταύτῃ τῇ ξυνοικίᾳ ἐθέμεθα πόλιν ὄνομα· ἢ γάρ; Πάνυ μὲν οὖν. Μεταδίδωσι δὴ ἄλλος ἄλλῳ εἴ τι μεταδίδωσιν, ἢ μεταλαμβάνει, οἰόμενος αὐτῷ ἄμεινον εἶναι. Πάνυ γε. Ἴθι δή, ἦν δ' ἐγώ, τῷ λόγῳ ἐξ ἀρχῆς ποιῶμεν πόλιν, ποιήσει δὲ αὐτήν, ὡς ἔοικεν ἡ ἡμετέρα χρεία. Πῶς δ' οὔ; Ἀλλὰ μὴν πρώτη γε καὶ μεγίστη τῶν χρειῶν ἡ τῆς τροφῆς παρασκευὴ τοῦ εἶναί τε καὶ ζῆν ἕνεκα. Παντάπασί γε. Δευτέρα δὴ οἰκήσεως, τρίτη δ' ἐσθῆτος καὶ τῶν τοιούτων. Ἔστι ταῦτα. Φέρε δή, ἦν δ' ἐγώ, πῶς ἡ πόλις ἀρκέσει ἐπὶ τοσαύτην παρασκευήν; ἄλλο τι γεωργὸς μὲν εἷς, ὁ δὲ οἰκοδόμος, ἄλλος δέ τις ὑφάντης; ἢ καὶ σκυτοτόμον αὐτόσε προσθήσομεν ἤ τιν' ἄλλον τῶν περὶ τὸ σῶμα θεραπευτήν; Πάνυ γε. Εἴη δ' ἂν ἥ γε ἀναγκαιοτάτη πόλις ἐκ τεττάρων ἢ πέντε ἀνδρῶν. Φαίνεται. Τί δὴ οὖν; ἕνα ἕκαστον τούτων δεῖ τὸ αὑτοῦ ἔργον ἅπασι κοινὸν κατατιθέναι· οἷον, τὸν γεωργὸν ἕνα ὄντα παρασκευάζειν σιτία τέτταρσι καὶ τετραπλάσιον χρόνον τε καὶ πόνον ἀναλίσκειν ἐπὶ σίτου παρασκευῇ καὶ ἄλλοις κοινωνεῖν; ἢ ἀμελήσαντα ἑαυτῷ μόνῳ τέταρτον μέρος ποιεῖν τούτου τοῦ σιτίου ἐν

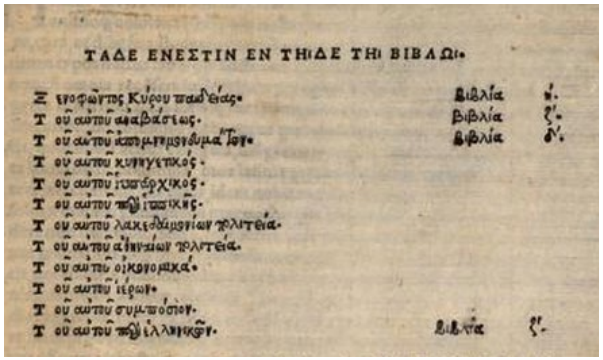
Xenophon (430 – 344 BCE)

- *Cyropaedia*
- *Oeconomicus*
- *Ways and means*

Ancient Greek Economic Thought



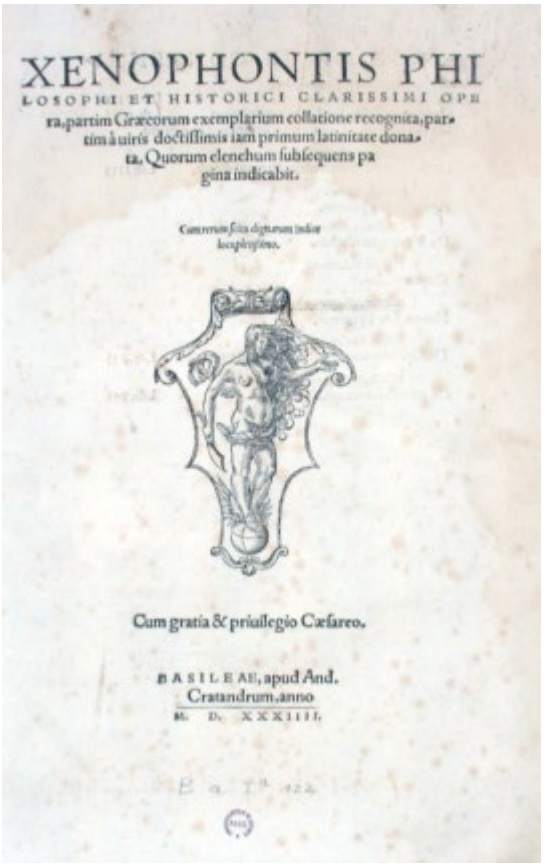
Xenophon (430 – 344 BCE)
Bibliotheca Alexandrina
Museum, Aegypt


ΤΑΔΕ ΕΝΕΣΤΙΝ ΕΝ ΤΗΙΔΕ ΤΗΙ ΒΙΒΛΩΙ.

Ξ ΤΟΥ ΦΙΛΟΣΟΦΟΥ ΚΑΙ ΙΣΤΟΡΙΚΟΥ ΚΛΕΙΝΟΤΑΤΟΥ ΑΠΑΝΤΑ ΤΑΔΕ ΕΝΕΣΤΙΝ ΕΝ ΤΗΙΔΕ ΤΗΙ ΒΙΒΛΩΙ.

Τ οὗ αὐτοῦ Κύρου παιδείας. Βιβλία ιη'.
Τ οὗ αὐτοῦ ἀναβάσεως. βιβλία ζ'.
Τ οὗ αὐτοῦ ἀπομνημονευμάτων. βιβλία δ'.
Τ οὗ αὐτοῦ κυνηγετικός.
Τ οὗ αὐτοῦ ἱππαρχικός.
Τ οὗ αὐτοῦ περὶ ἱππικῆς.
Τ οὗ αὐτοῦ λακεδαιμονίων πολιτεία.
Τ οὗ αὐτοῦ ἀθηναίων πολιτεία.
Τ οὗ αὐτοῦ οἰκονομικός.
Τ οὗ αὐτοῦ ἱέρων.
Τ οὗ αὐτοῦ συμποσιον.
Τ οὗ αὐτοῦ περὶ ἱλλυρικῆς. Βιβλία ζ'.

First edition of complete works
Boninus, Giunta, Florence 1516.

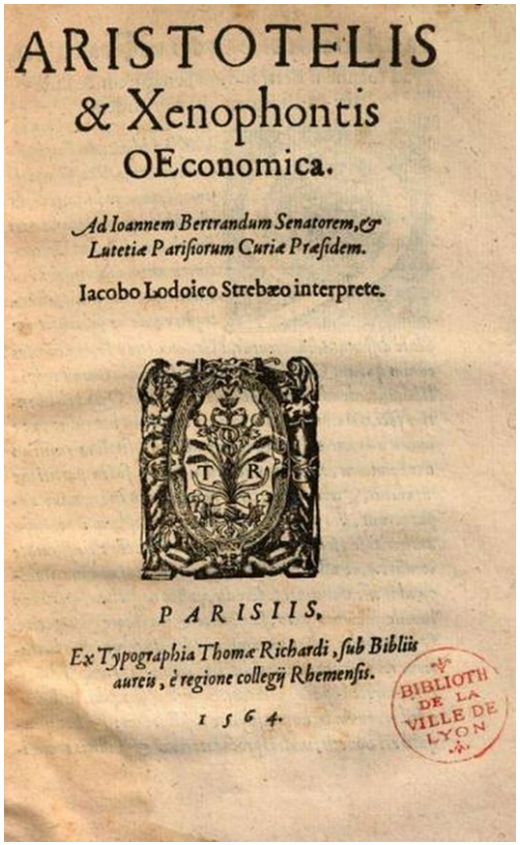

XENOPHONTIS PHI
LOSOPHI ET HISTORICI CLARISSIMI OPE
ra, partim Græcorum exemplarium collatione recognita, par-
tim à uiris doctissimis iam primum latinitate dona-
ta. Quorum elenchum subsequens pa
gina indicabit.

Cum gratia & priuilegio Cæsareo.

BASILEAE, apud And.
Cratandrum, anno
M. D. XXXIIII.

Latin edition of complete works
Andreas Cratander, Basel, 1534

Ancient Greek Economic Thought


ARISTOTELIS
& Xenophontis
OEconomica.

Ad Ioannem Bertrandum Senatorem, & Lutetiæ Parisiorum Curiæ Præsidem.

Iacobo Lodoico Strebæo interprete.

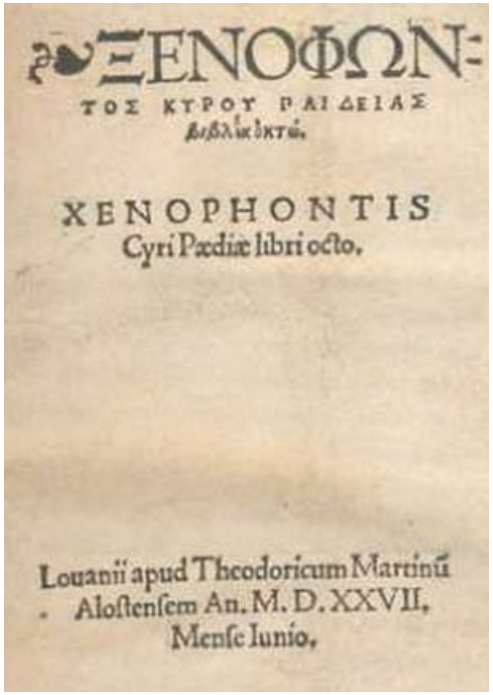
PARISIIS,

Ex Typographia Thomæ Richardi, sub Bibliis aureis, è regione collegij Rhemensis.

1564.

BIBLIOTH DE LA VILLE DE LYON

Joint edition of economic works by Aristotle and Xenophon in Latin, Paris, 1564


ΞΕΝΟΦΩΝ:

ΤΟΣ ΚΥΡΟΥ ΠΑΙΔΕΙΑΣ
βιβλία ὀκτώ.

XENOPHONTIS
Cyri Pædiæ libri octo.

Louanii apud Theodoricum Martinū Aloſtenſem An. M. D. XXVII, Menſe Iunio.

Xenophon, *Cyropaedia*, Aalst, Belgium, 1527

SPECIMEN LITTERARIUM INAUGURALE

EXHIBENS

XENOPHONTIS LIBRUM

DE VECTIGALIBUS

CUM COMMENTARIO,

QUOD,

ANNUENTE SUMMO NUMINE,

EX AUCTORITATE RECTORIS MAGNIFICI

CORNELII GUILIELMI OPZOOMER,

NEC NON

AMPLISSIMI SENATUS ACADEMICI CONSENSU

ET

NOBILISSIMAE FACULTATIS LITTERARIAE DECRETO,

Pro Gradu Doctoratus

SUMMISQUE IN

PHILOSOPHIA THEORETICA ET LITTERIS HUMANIORIBUS HONORIBUS AC PRIVILEGIIS

IN ACADEMIA RHENO-TRAJECTINA

RITE ET LEGITIME CONSEQUENDIS,

ERUDITORUM EXAMINI SUBMITTIT

J. C. VAN DEVENTER,

Amisfurtensis.

A. D. XXIII JUNII A. MDCCCLI, HORA II.

TRAJECTI AD RHENUM,

APUD W. F. DANNENFELSER.

MDCCCLI.

ΞΕΝΟΦΩΝΤΟΣ

ΠΟΡΟΙ Η ΠΕΡΙ ΠΡΟΣΟΔΩΝ.

Doctoral dissertation on *Ways and Means,* Utrecht, 1851

ἤν τι δέωνται. ἔτι δὲ καὶ οὐ τούτων μόνον ἕνεκα τῶν εἰρημένων εὐφραίνει τὰ πεμπόμενα παρὰ βασιλέως, ἀλλὰ τῷ ὄντι καὶ ἡδονῇ πολὺ διαφέρει τὰ ἀπὸ τῆς βασιλέως τραπέζης.

5. καὶ τοῦτο μέντοι οὕτως ἔχειν οὐδέν τι θαυμαστόν· ὥσπερ γὰρ καὶ αἱ ἄλλαι τέχναι διαφερόντως ἐν ταῖς μεγάλαις πόλεσιν ἐξειργασμέναι εἰσί, κατὰ τὸν αὐτὸν τρόπον καὶ τὰ παρὰ βασιλεῖ σῖτα πολὺ διαφερόντως ἐκπεπόνηται. ἐν μὲν γὰρ ταῖς μικραῖς πόλεσιν οἱ αὐτοὶ ποιοῦσι κλίνην, θύραν, ἄροτρον, τράπεζαν, πολλάκις δ' ὁ αὐτὸς οὗτος καὶ οἰκοδομεῖ, καὶ ἀγαπᾷ ἢν καὶ οὕτως ἱκανοὺς αὐτὸν τρέφειν ἐργοδότας λαμβάνῃ· ἀδύνατον οὖν πολλὰ τεχνώμενον ἄνθρωπον πάντα καλῶς ποιεῖν. ἐν δὲ ταῖς μεγάλαις πόλεσι διὰ τὸ πολλοὺς ἑκάστου δεῖσθαι ἀρκεῖ καὶ μία ἑκάστῳ τέχνη εἰς τὸ τρέφεσθαι· πολλάκις δὲ οὐδ' ὅλη μία· ἀλλ' ὑποδήματα ποιεῖ ὁ μὲν ἀνδρεῖα, ὁ δὲ γυναικεῖα· ἔστι δὲ ἔνθα καὶ ὑποδήματα ὁ μὲν νευρορραφῶν μόνον τρέφεται, ὁ δὲ σχίζων, ὁ δὲ χιτῶνας μόνον συντέμνων, ὁ δέ γε τούτων οὐδὲν ποιῶν ἀλλὰ συντιθεὶς ταῦτα. ἀνάγκη οὖν τὸν ἐν βραχυτάτῳ διατρίβοντα ἔργῳ τοῦτον καὶ ἄριστα δὴ ἠναγκάσθαι[1] τοῦτο ποιεῖν.

6. Τὸ αὐτὸ δὲ τοῦτο πέπονθε καὶ τὰ ἀμφὶ τὴν δίαιταν. ᾧ μὲν γὰρ ὁ αὐτὸς κλίνην στρώννυσι, τράπεζαν κοσμεῖ, μάττει, ὄψα ἄλλοτε ἀλλοῖα

and in a position to secure for them anything they may want. Moreover, it is not for these reasons only that that which is sent by the king gives delight, but the food that is sent from the king's board really is much superior in the gratification also that it gives.

5. That this, however, should be so is no marvel. For just as all other arts are developed to superior excellence in large cities, in that same way the food at the king's palace is also elaborately prepared with superior excellence. For in small towns the same workman makes chairs and doors and plows and tables, and often this same artisan builds houses, and even so he is thankful if he can only find employment enough to support him. And it is, of course, impossible for a man of many trades to be proficient in all of them. In large cities, on the other hand, inasmuch as many people have demands to make upon each branch of industry, one trade alone, and very often even less than a whole trade, is enough to support a man: one man, for instance, makes shoes for men, and another for women; and there are places even where one man earns a living by only stitching shoes, another by cutting them out, another by sewing the uppers together, while there is another who performs none of these operations but only assembles the parts. It follows, therefore, as a matter of course, that he who devotes himself to a very highly specialized line of work is bound to do it in the best possible manner.

Specialization desirable even in the kitchen

6. Exactly the same thing holds true also in reference to the kitchen: in any establishment where one and the same man arranges the dining couches, lays the table, bakes the bread, prepares now one sort of dish

The division of labour is limited by the extent of the market

Ὅτι, φάναι, ὁ διδάσκαλός με ὡς ἤδη ἀκριβοῦντα τὴν δικαιοσύνην καὶ ἄλλοις καθίστη δικάζειν. καὶ τοίνυν, φάναι, ἐπὶ μιᾷ ποτε δίκῃ πληγὰς ἔλαβον ὡς οὐκ ὀρθῶς δικάσας.

17. ἦν δὲ ἡ δίκη τοιαύτη. παῖς μέγας μικρὸν ἔχων χιτῶνα παῖδα μικρὸν μέγαν ἔχοντα χιτῶνα ἐκδύσας αὐτὸν τὸν μὲν ἑαυτοῦ ἐκεῖνον ἠμφίεσε, τὸν δ' ἐκείνου αὐτὸς ἐνέδυ. ἐγὼ οὖν τούτοις δικάζων ἔγνων βέλτιον εἶναι ἀμφοτέροις τὸν ἁρμόττοντα ἑκάτερον χιτῶνα ἔχειν. ἐν δὲ τούτῳ

understand thoroughly."

"How so?" said Mandane.

"Because," said he, "my teacher appointed me, on the ground that I was already thoroughly versed in justice, to decide cases for others also. And so, in one case," said he, "I once got a flogging for not deciding correctly. His training in justice

17. The case was like this: a big boy with a little tunic, finding a little boy with a big tunic on, took it off him and put his own tunic on him, while he himself put on the other's. So, when I tried their case, I decided that it was better for them both that each should keep the tunic that fitted him. And thereupon the master flogged me,

με ἔπαισεν ὁ διδάσκαλος, λέξας[1] ὅτι ὁπότε μὲν τοῦ ἁρμόττοντος εἴην κριτής, οὕτω δέοι ποιεῖν, ὁπότε δὲ κρῖναι δέοι ποτέρου ὁ χιτὼν εἴη, τοῦτ', ἔφη, σκεπτέον εἶναι τίς κτῆσις δικαία ἐστί, πότερα τὸν βίᾳ ἀφελόμενον ἔχειν ἢ τὸν ποιησάμενον ἢ πριάμενον κεκτῆσθαι· ἐπεὶ δ', ἔφη, τὸ μὲν νόμιμον δίκαιον εἶναι, τὸ δὲ ἄνομον βίαιον, σὺν τῷ νόμῳ ἐκέλευεν ἀεὶ τὸν δικαστὴν τὴν ψῆφον τίθεσθαι. οὕτως ἐγώ σοι, ὦ μῆτερ, τά γε δίκαια παντάπασιν ἤδη ἀκριβῶ· ἢν δέ τι ἄρα προσδέωμαι, ὁ πάππος με, ἔφη, οὗτος ἐπιδιδάξει.

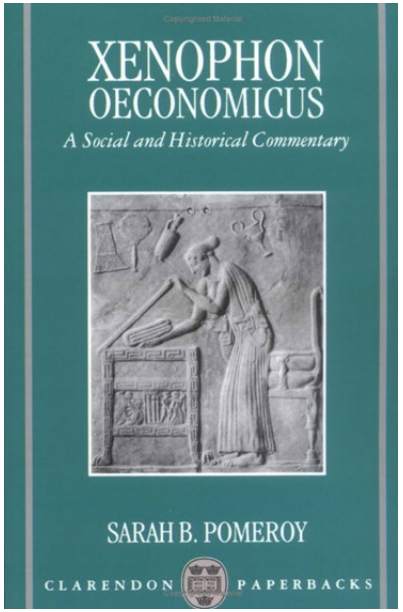
18. Ἀλλ' οὐ ταὐτά, ἔφη, ὦ παῖ, παρὰ τῷ πάππῳ καὶ ἐν Πέρσαις δίκαια ὁμολογεῖται. οὗτος μὲν γὰρ τῶν ἐν Μήδοις

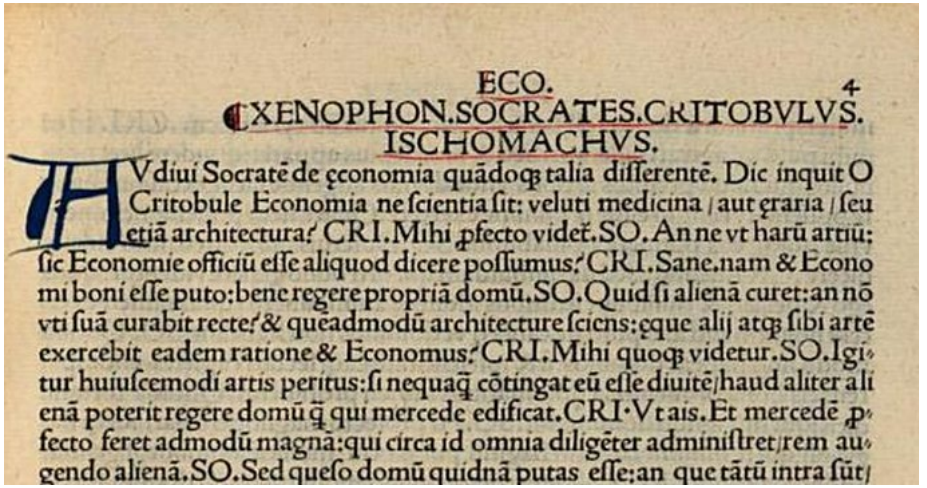
saying that when I was a judge of a good fit, I should do as I had done; but when it was my duty to decide whose tunic it was, I had this question, he said, to consider—whose title was the rightful one; whether it was right that he who took it away by force should keep it, or that he who had had it made for himself or had bought it should own it. And since, he said, what is lawful is right and what is unlawful is wrong, he bade the judge always render his verdict on the side of the law. It is in this way, mother, you see, that I already have a thorough understanding of justice in all its bearings; and," he added, "if I do require anything more, my grandfather here will teach me that."

Cyropaedia, 1.3.16-17 Not Pareto optimum

Xenophon (430 – 344 BCE)

- Oeconomicus





ECO. 4
XENOPHON.SOCRATES.CRITOBVLVS.
ISCHOMACHVS.

HVdiui Socratē de ęconomia quādoq; talia disserentē. Dic inquit O Critobule Economia ne scientia sit: veluti medicina / aut ęraria / seu etiā architectura? CRI. Mihi ꝓfecto videt̄. SO. An ne vt harū artiū: sic Economie officiū esse aliquod dicere possumus? CRI. Sane. nam & Economi boni esse puto: bene regere propriā domū. SO. Quid si alienā curet: an nō vti suā curabit recte? & quēadmodū architecture sciens: ęque alij atq; sibi artē exercebit eadem ratione & Economus? CRI. Mihi quoq; videtur. SO. Igitur huiuscemodi artis peritus: si nequaq̄ cōtingat eū esse diuitē / haud aliter alienā poterit regere domū q̄ qui mercede edificat. CRI. Vt ais. Et mercedē ꝓfecto feret admodū magnā: qui circa id omnia diligēter administret / rem augendo alienā. SO. Sed queso domū quidnā putas esse: an que tātū intra sūt /

Latin translation, Paris1506

S. B. Pomeroy, *Xenophon, Oeconomicus. A Social and Historical Commentary*, Oxford Clarendon Press, 1994.

Xenophon (430 – 344 BCE)

German edition, Hamburg, 1734

XENOPHON

1. Ἤκουσα δέ ποτε αὐτοῦ καὶ περὶ οἰκονομίας τοιάδε διαλεγομένου.

Εἰπέ μοι, ἔφη, ὦ Κριτόβουλε, ἆρά γε ἡ οἰκονομία ἐπιστήμης τινὸς ὄνομά ἐστιν, ὥσπερ ἡ ἰατρικὴ καὶ καλκευτικὴ καὶ τεκτονική;

Ἔμοιγε δοκεῖ, ἔφη ὁ Κριτόβουλος.

2 Ἦ καὶ ὥσπερ τούτων τῶν τεχνῶν ἔχοιμεν ἂν εἰπεῖν ὅ τι ἔργον ἑκάστης, οὕτω καὶ τῆς οἰκονομίας δυναίμεθ' ἂν εἰπεῖν ὅ τι ἔργον αὐτῆς ἐστι;

Δοκεῖ γοῦν, ἔφη ὁ Κριτόβουλος, οἰκονόμου ἀγαθοῦ εἶναι εὖ οἰκεῖν τὸν ἑαυτοῦ οἶκον.

3 Ἦ καὶ τὸν ἄλλου δὲ οἶκον, ἔφη ὁ Σωκράτης, εἰ ἐπιτρέποι τις αὐτῷ, οὐκ ἂν δύναιτο, εἰ βούλοιτο, εὖ οἰκεῖν, ὥσπερ καὶ τὸν ἑαυτοῦ; ὁ μὲν γὰρ τεκτονικὴν ἐπιστάμενος ὁμοίως ἂν καὶ ἄλλῳ δύναιτο ἐργάζεσθαι ὅτιπερ καὶ ἑαυτῷ, καὶ ὁ οἰκονομικός γ' ἂν ὡσαύτως.

Ἔμοιγε δοκεῖ, ὦ Σώκρατες.

4 Ἔστιν ἄρα, ἔφη ὁ Σωκράτης, τὴν τέχνην ταύτην ἐπισταμένῳ, καὶ εἰ μὴ αὐτὸς τύχοι χρήματα ἔχων, τὸν ἄλλου οἶκον οἰκονομοῦντα ὥσπερ καὶ οἰκοδομοῦντα μισθοφορεῖν;

OECONOMICUS 1

1. I once heard him also discuss the subject of estate management as follows.

"Tell me, Critobulus, is estate management the name of a branch of knowledge, like medicine, smithing, and carpentry?"

"I think so," replied Critobulus.

"And can we say what the function of estate management is, 2
just as we can say what is the function of each of these occupations?"

"Well, I suppose that the business of a good estate manager is to manage his own estate well."

"Yes, and in case he were put in charge of another man's estate, 3
could he not, if he chose, manage it as well as he manages his own? Anyone who understands carpentry can do for another exactly the same work as he does for himself; and so, I presume, can a good estate manager."

"I think so, Socrates."

"Is it possible, then, for one who understands this art, even if 4
he has no property of his own, to earn money by managing another man's estate, just as he might do by building him a house?"

Object of economic art
A manager can work for others
A manager increases wealth

Νὴ Δία καὶ πολύν γε μισθόν, ἔφη ὁ Κριτόβουλος, φέροιτ' ἄν, εἰ δύναιτο οἶκον παραλαβὼν τελεῖν τε ὅσα δεῖ καὶ περιουσίαν ποιῶν αὔξειν τὸν οἶκον.

5 Οἶκος δὲ δὴ τί δοκεῖ ἡμῖν εἶναι; ἆρα ὅπερ οἰκία ἢ καὶ ὅσα τις ἔξω τῆς οἰκίας κέκτηται, πάντα τοῦ οἴκου ταῦτά ἐστιν;

Ἐμοὶ γοῦν, ἔφη ὁ Κριτόβουλος, δοκεῖ καὶ εἰ μηδ' ἐν τῇ αὐτῇ πόλει εἴη τῷ κεκτημένῳ, πάντα τοῦ οἴκου εἶναι, ὅσα τις κέκτηται.

6 Οὔκουν καὶ ἐχθροὺς κέκτηνταί τινες;

Νὴ Δία καὶ πολλούς γε ἔνιοι.

Ἦ καὶ κτήματα αὐτῶν φήσομεν εἶναι τοὺς ἐχθρούς;

Γελοῖον μεντᾶν εἴη, ἔφη ὁ Κριτόβουλος, εἰ ὁ τοὺς ἐχθροὺς αὔξων προσέτι καὶ μισθὸν τούτου φέροι.

7 Ὅτι τοι ἡμῖν ἐδόκει οἶκος ἀνδρὸς εἶναι ὅπερ κτῆσις.

Νὴ Δί', ἔφη ὁ Κριτόβουλος, ὅ τι γέ τις ἀγαθὸν κέκτηται· οὐ μὰ Δί' οὐκ εἴ τι κακόν, τοῦτο κτῆμα ἐγὼ καλῶ.

Σὺ δ' ἔοικας τὰ ἑκάστῳ ὠφέλιμα κτήματα καλεῖν.

Πάνυ μὲν οὖν, ἔφη· τὰ δέ γε βλάπτοντα ζημίαν ἔγωγε νομίζω μᾶλλον ἢ χρήματα.

8 Κἂν ἄρα γέ τις ἵππον πριάμενος μὴ ἐπίστηται αὐτῷ χρῆσθαι, ἀλλὰ καταπίπτων ἀπ' αὐτοῦ κακὰ λαμβάνῃ, οὐ χρήματα αὐτῷ ἐστιν ὁ ἵππος;

Οὔκ, εἴπερ τὰ χρήματά γ' ἐστὶν ἀγαθόν.

Οὐδ' ἄρα γε ἡ γῆ ἀνθρώπῳ ἐστὶ χρήματα, ὅστις οὕτως ἐργάζεται αὐτήν, ὥστε ζημιοῦσθαι ἐργαζόμενος;

"Yes, of course; and he would get a good salary if, after taking over an estate, he continued to pay all the bills, and to increase the estate by showing a balance."

"But what do we mean now by an estate? Is it the same thing 5 as a house, or is all property that one possesses outside the house also part of the estate?"

"Well, I think that even if the property is situated in different cities, everything a man possesses is part of his estate."

"Do not some men possess enemies?" 6

"Of course; some in fact possess many."

"Shall we include their enemies in their possessions?"

"It would be ridiculous, surely, if one actually received a salary for increasing the number of a man's enemies!"

"Because, you know, we supposed a man's estate to be the 7 same as his property."

"That's true—meaning at least anything good that he possesses; of course I don't call anything bad that he may possess property."

"You seem to use the word property of whatever is profitable to its owner."

"Certainly; but what is harmful I regard as loss rather than wealth."

"And so if a man buys a horse and doesn't know how to manage 8 it, and so keeps on getting thrown and injuring himself by trying to ride it, the horse is not wealth to him, I presume?"

"Not if we assume that wealth is a good thing."

"It follows that land is not wealth either to a man who works it in such a way that his work results in loss."

Possessions only useful things

Οὐδὲ ἡ γῆ μέντοι χρήματά ἐστιν, εἴπερ ἀντὶ τοῦ τρέφειν πεινῆν παρασκευάζει.

9 Οὐκοῦν καὶ τὰ πρόβατα ὡσαύτως, εἴ τις διὰ τὸ μὴ ἐπίστασθαι προβάτοις χρῆσθαι ζημιοῖτο, οὐδὲ τὰ πρόβατα χρήματα τούτῳ εἴη ἄν;

Οὔκουν ἔμοιγε δοκεῖ.

Σὺ ἄρα, ὡς ἔοικε, τὰ μὲν ὠφελοῦντα χρήματα ἡγῇ, τὰ δὲ βλάπτοντα οὐ χρήματα.

Οὕτως.

10 Ταὐτὰ ἄρα ὄντα τῷ μὲν ἐπισταμένῳ χρῆσθαι αὐτῶν ἑκάστοις χρήματά ἐστι, τῷ δὲ μὴ ἐπισταμένῳ οὐ χρήματα· ὥσπερ γε αὐλοὶ τῷ μὲν ἐπισταμένῳ ἀξίως λόγου αὐλεῖν χρήματά εἰσι, τῷ δὲ μὴ ἐπισταμένῳ οὐδὲν μᾶλλον ἢ ἄχρηστοι λίθοι.

Εἰ μὴ ἀποδίδοιτό γε αὐτούς.

11 Τοῦτ' αὖ φαίνεται ἡμῖν, ἀποδιδομένοις μὲν οἱ αὐλοὶ χρήματα, μὴ ἀποδιδομένοις δέ, ἀλλὰ κεκτημένοις οὔ, τοῖς μὴ ἐπισταμένοις αὐτοῖς χρῆσθαι.

Καὶ ὁμολογουμένως γε, ὦ Σώκρατες, ὁ λόγος ἡμῖν χωρεῖ, ἐπείπερ εἴρηται τὰ ὠφελοῦντα χρήματα εἶναι. μὴ πωλούμενοι μὲν γὰρ οὐ χρήματά εἰσιν οἱ αὐλοί· οὐδὲν γὰρ χρήσιμοί εἰσι· πωλούμενοι δὲ χρήματα.

12 Πρὸς ταῦτα δ' ὁ Σωκράτης εἶπεν· Ἂν ἐπίστηταί γε πωλεῖν. εἰ δὲ πωλοίη αὖ πρὸς τοῦτο, ᾧ μὴ ἐπίσταιτο χρῆσθαι, οὐδὲ πωλούμενοί εἰσι χρήματα κατά γε τὸν σὸν λόγον.

Λέγειν ἔοικας, ὦ Σώκρατες, ὅτι οὐδὲ τὸ ἀργύριόν ἐστι χρήματα, εἰ μή τις ἐπίσταιτο χρῆσθαι αὐτῷ.

"To be sure: not even land is wealth if it makes us starve instead of supporting us."

"And won't the same hold true of sheep? If a man loses 9
through ignorance of sheep farming, his sheep too will not be wealth to him?"

"Not in my opinion."

"It seems, then, that in your view what is profitable is wealth, what is harmful is not wealth."

"Quite so."

"That is to say, the same things are wealth and not wealth 10
according as one understands or does not understand how to use them. A flute, for example, is wealth to one who is competent to play it, but to an incompetent person it is no better than useless stones."

"True—unless he sells it."

"We now see that to persons who don't understand its use, a 11
flute is wealth if they sell it, but not wealth if they keep it instead of selling."

"Yes, Socrates, and our argument runs consistently, since we have said that what is profitable is wealth. For a flute, if not put up for sale, is not wealth, because it is useless: if put up for sale it becomes wealth."

"Yes," commented Socrates, "provided he knows how to sell; 12
but again, in case he sells it for something he doesn't know how to use, even then the sale doesn't convert it into wealth, according to you."

"You imply, Socrates, that even money isn't wealth to one who doesn't know how to use it."

You can always sell them for something useful. But you have to know how to use money

XENOPHON

13 Καὶ σὺ δέ μοι δοκεῖς οὕτω συνομολογεῖν, ἀφ' ὧν τις ὠφελεῖσθαι δύναται χρήματα εἶναι. εἰ γοῦν τις χρῷτο τῷ ἀργυρίῳ, ὥστε πριάμενος οἷον ἑταίραν διὰ ταύτην κάκιον μὲν τὸ σῶμα ἔχοι, κάκιον δὲ τὴν ψυχήν, κάκιον δὲ τὸν οἶκον, πῶς ἂν ἔτι τὸ ἀργύριον αὐτῷ ὠφέλιμον εἴη;

Οὐδαμῶς, εἰ μή πέρ γε καὶ τὸν ὑοσκύαμον καλούμενον χρήματα εἶναι φήσομεν, ὑφ' οὗ οἱ φαγόντες αὐτὸν παραπλῆγες γίγνονται.

14 Τὸ μὲν δὴ ἀργύριον, εἰ μή τις ἐπίσταιτο αὐτῷ χρῆσθαι, οὕτω πόρρω ἀπωθείσθω, ὦ Κριτόβουλε, ὥστε μηδὲ χρήματα εἶναι. οἱ δὲ φίλοι, ἤν τις ἐπίστηται αὐτοῖς χρῆσθαι ὥστε ὠφελεῖσθαι ἀπ' αὐτῶν, τί φήσομεν αὐτοὺς εἶναι;

Χρήματα νὴ Δί', ἔφη ὁ Κριτόβουλος, καὶ πολύ γε μᾶλλον ἢ τοὺς βοῦς, ἢν ὠφελιμώτεροί γε ὦσι τῶν βοῶν.

15 Καὶ οἱ ἐχθροί γε ἄρα κατά γε τὸν σὸν λόγον χρήματά εἰσι τῷ δυναμένῳ ἀπὸ τῶν ἐχθρῶν ὠφελεῖσθαι.

Ἐμοὶ γοῦν δοκεῖ.

Οἰκονόμου ἄρα ἐστὶν ἀγαθοῦ καὶ τοῖς ἐχθροῖς ἐπίστασθαι χρῆσθαι ὥστε ὠφελεῖσθαι ἀπὸ τῶν ἐχθρῶν.

Ἰσχυρότατά γε.

Καὶ γὰρ δὴ ὁρᾷς, ἔφη, ὦ Κριτόβουλε, ὅσοι μὲν δὴ οἶκοι ἰδιωτῶν ηὐξημένοι εἰσὶν ἀπὸ πολέμου, ὅσοι δὲ τυράννων.

16 Ἀλλὰ γὰρ τὰ μὲν καλῶς ἔμοιγε δοκεῖ λέγεσθαι, ὦ

OECONOMICUS 1

"And you, I think, agree with me to this extent, that what a 13
man can derive profit from is wealth. At any rate, if a man uses his money to buy, say, a mistress who makes him worse off in body and soul and estate, how can his money be profitable to him then?"

"By no means, unless we are ready to maintain that the weed called nightshade, which drives you mad if you eat it, is wealth."

"Then money is to be kept so far away, Critobulus, if one 14
doesn't know how to use it, that it does not even count as wealth. But how about friends? If one knows how to make use of them so as to profit by them, what are they to be called?"

"Wealth, of course, and much more so than cattle, if it's true that they are more profitable than cattle."

"Yes, and it follows from what you say that enemies too are 15
wealth to anyone who can derive profit from them."

"Well, that is my opinion."

"Consequently it is the business of a good estate manager to know how to deal with enemies so as to derive profit from them too."

"Most decidedly."

"In fact, Critobulus, you cannot fail to notice that many private persons have been indebted to war for the increase of their estates, and many rulers too."

"Yes, so far so good, Socrates. But what about the fact 16

Wealth is anything you can use to your benefit

Σώκρατες, ἔφη ὁ Κριτόβουλος· ἐκεῖνο δ' ἡμῖν τί φαίνεται, ὁπόταν ὁρῶμέν τινας ἐπιστήμας μὲν ἔχοντας καὶ ἀφορμάς, ἀφ' ὧν δύνανται ἐργαζόμενοι αὔξειν τοὺς οἴκους, αἰσθανώμεθα δὲ αὐτοὺς ταῦτα μὴ θέλοντας ποιεῖν καὶ διὰ τοῦτο ὁρῶμεν ἀνωφελεῖς οὔσας αὐτοῖς τὰς ἐπιστήμας; ἄλλο τι ἢ τούτοις αὖ οὔτε αἱ ἐπιστῆμαι χρήματά εἰσιν οὔτε τὰ κτήματα;

17 Περὶ δούλων μοι, ἔφη ὁ Σωκράτης, ἐπιχειρεῖς, ὦ Κριτόβουλε, διαλέγεσθαι;

Οὐ μὰ Δί', ἔφη, οὐκ ἔγωγε, ἀλλὰ καὶ πάνυ εὐπατριδῶν ἐνίων γε δοκούντων εἶναι, οὓς ἐγὼ ὁρῶ τοὺς μὲν καὶ πολεμικάς, τοὺς δὲ καὶ εἰρηνικὰς ἐπιστήμας ἔχοντας, ταύτας δὲ οὐκ ἐθέλοντας ἐργάζεσθαι, ὡς μὲν ἐγὼ οἶμαι, δι' αὐτὸ τοῦτο ὅτι δεσπότας οὐκ ἔχουσιν.

18 Καὶ πῶς ἄν, ἔφη ὁ Σωκράτης, δεσπότας οὐκ ἔχοιεν, εἰ εὐχόμενοι εὐδαιμονεῖν καὶ ποιεῖν βουλόμενοι ἀφ' ὧν ἔχοιεν ἀγαθὰ ἔπειτα κωλύονται ποιεῖν ταῦτα ὑπὸ τῶν ἀρχόντων;

Καὶ τίνες δὴ οὗτοί εἰσιν, ἔφη ὁ Κριτόβουλος, οἳ ἀφανεῖς ὄντες ἄρχουσιν αὐτῶν;

19 Ἀλλὰ μὰ Δί', ἔφη ὁ Σωκράτης, οὐκ ἀφανεῖς εἰσιν, ἀλλὰ καὶ πάνυ φανεροί. καὶ ὅτι πονηρότατοί γέ εἰσιν οὐδὲ σὲ λανθάνουσιν, εἴπερ πονηρίαν γε νομίζεις ἀργίαν τ' εἶναι καὶ
20 μαλακίαν ψυχῆς καὶ ἀμέλειαν. καὶ ἄλλαι δ' εἰσὶν ἀπατηλαί τινες δέσποιναι προσποιούμεναι ἡδοναὶ εἶναι, κυβεῖαί τε καὶ ἀνωφελεῖς ἀνθρώπων ὁμιλίαι, αἳ προϊόντος τοῦ χρόνου καὶ αὐτοῖς τοῖς ἐξαπατηθεῖσι καταφανεῖς γίγνονται ὅτι λῦπαι ἄρα

that we sometimes come across people who have the knowledge and means for increasing their estates if they work, yet we find that they are unwilling to do so; and consequently we see that their knowledge is without profit for them. What are we to make of that? In these cases, surely, neither their knowledge nor their property is wealth?"

"Are you trying to start a discussion about slaves, Critobulus?" 17

"Oh no, not at all: I mean even people regarded as men of the highest lineage, of whom I observe that some are skilled in the arts of war, some in the arts of peace, but who are unwilling to practice these arts, and the reason, I think, is precisely because they have no master over them."

"What, no master over them, when in spite of their prayers for 18 prosperity and their desire to do what will bring them good they are thwarted in their intentions by those who rule them?"

"And who, pray, may these unseen rulers be?"

"No, not unseen, but open and undisguised, surely! And very 19 vicious rulers they are too, as you yourself must see, if at least you regard idleness and moral cowardice and negligence as vices. And 20 then there are some deceitful mistresses that pretend to be pleasures—such as gambling and consorting with bad companions: even the victims of their deception find as time goes on that these, after all, are really pains concealed beneath a thin veneer of pleasures,

There are vicious rulers that can destroy you

XENOPHON

2 Τί οὖν, ἔφη ὁ Σωκράτης, ἆρα, εἰ πρῶτον μὲν ἐπανέλθοιμεν ὅσα συνομολογοῦντες διεληλύθαμεν, ἵν', ἤν πως δυνώμεθα, πειραθῶμεν οὕτω καὶ τὰ λοιπὰ διεξιέναι συνομολογοῦντες;

3 Ἡδὺ γοῦν ἐστιν, ἔφη ὁ Κριτόβουλος, ὥσπερ καὶ χρημάτων κοινωνήσαντας ἀναμφιλόγως διελθεῖν, οὕτω καὶ λόγων κοινωνοῦντας περὶ ὧν ἂν διαλεγώμεθα συνομολογοῦντας διεξιέναι.

4 Οὐκοῦν, ἔφη ὁ Σωκράτης, ἐπιστήμης μέν τινος ἔδοξεν ἡμῖν ὄνομα εἶναι ἡ οἰκονομία, ἡ δὲ ἐπιστήμη αὕτη ἐφαίνετο, ᾗ οἴκους δύνανται αὔξειν ἄνθρωποι, οἶκος δ' ἡμῖν ἐφαίνετο ὅπερ κτῆσις ἡ σύμπασα, κτῆσιν δὲ τοῦτο ἔφαμεν εἶναι, ὅ τι ἑκάστῳ εἴη ὠφέλιμον εἰς τὸν βίον, ὠφέλιμα δὲ ὄντα εὑρίσκετο πάντα,

5 ὁπόσοις τις ἐπίσταιτο χρῆσθαι. πάσας μὲν οὖν τὰς ἐπιστήμας οὔτε μαθεῖν οἷόν τε ἡμῖν ἐδόκει συναποδοκιμάζομέν τε ταῖς πόλεσι τὰς βαναυσικὰς καλουμένας τέχνας, ὅτι καὶ τὰ σώματα

6 καταλυμαίνεσθαι δοκοῦσι καὶ τὰς ψυχὰς καταγνύουσι. τεκμήριον δὲ σαφέστατον γενέσθαι ἂν τούτου ἔφαμεν, εἰ πολεμίων εἰς τὴν χώραν ἰόντων διακαθίσας τις τοὺς γεωργοὺς καὶ τοὺς τεχνίτας χωρὶς ἑκατέρους ἐπερωτῴη, πότερα δοκεῖ

7 ἀρήγειν τῇ χώρᾳ ἢ ὑφεμένους τῆς γῆς τὰ τείχη διαφυλάττειν. οὕτως γὰρ ἂν τοὺς μὲν ἀμφὶ γῆν ἔχοντας ᾠόμεθ' ἂν ψηφίζεσθαι ἀρήγειν, τοὺς δὲ τεχνίτας μὴ μάχεσθαι, ἀλλ' ὅπερ πεπαίδευνται

8 καθῆσθαι μήτε πονοῦντας μήτε κινδυνεύοντας. ἐδοκιμάσαμεν δὲ ἀνδρὶ καλῷ τε κἀγαθῷ ἐργασίαν εἶναι καὶ ἐπιστήμην

OECONOMICUS 6

"I suggest then," resumed Socrates, "that we should first recapitulate those points of our discussion on which we have already reached agreement, so that we may try to agree as thoroughly when we go through the remaining steps." 2

"Yes, certainly: just as it is pleasant when business associates have no disagreement when reviewing the accounts, so it is for us, as the interested parties in a discussion, to agree as we go over the several steps." 3

"Well now, we thought that estate management is the name of a branch of knowledge, and this knowledge appeared to be that by which men can increase estates, and an estate appeared to be identical with the total of one's property, and we said that property is that which is useful for supplying a livelihood, and useful things turned out to be all those things that one knows how to use. We thought that it is impossible to learn all the branches of knowledge, and we agreed with our cities in rejecting the so-called banausic occupations because they seem to spoil the body and enervate the mind. We said[11] that the clearest proof of this would be evident if in the course of a hostile invasion the farmers and craftsmen were made to sit apart, and each group were asked whether they voted for defending the land or withdrawing from the open and guarding the city walls. We thought that in these circumstances the men who are occupied with the land would vote to defend it, the craftsmen not to fight but to sit still, as they have been brought up to do, and to avoid exertion and danger. We came to the conclusion that for a gentleman the best occupation 4 5 6 7 8

Recap

κρατίστην γεωργίαν, ἀφ' ἧς τὰ ἐπιτήδεια ἄνθρωποι πορίζονται. αὕτη γὰρ ἡ ἐργασία μαθεῖν τε ῥᾴστη ἐδόκει εἶναι καὶ ἡδίστη ἐργάζεσθαι καὶ τὰ σώματα κάλλιστά τε καὶ εὐρωστότατα παρέχεσθαι καὶ ταῖς ψυχαῖς ἥκιστα ἀσχολίαν παρέχειν φίλων τε καὶ πόλεων συνεπιμελεῖσθαι. συμπαροξύνειν δέ τι ἐδόκει ἡμῖν καὶ εἰς τὸ ἀλκίμους εἶναι ἡ γεωργία ἔξω τῶν ἐρυμάτων τὰ ἐπιτήδεια φύουσά τε καὶ τρέφουσα τοὺς ἐργαζομένους. διὰ ταῦτα δὲ καὶ εὐδοξοτάτη εἶναι πρὸς τῶν πόλεων αὕτη ἡ βιοτεία, ὅτι καὶ πολίτας ἀρίστους καὶ εὐνουστάτους παρέχεσθαι δοκεῖ τῷ κοινῷ.

Καὶ ὁ Κριτόβουλος, Ὅτι μέν, ὦ Σώκρατες, ἔφη, κάλλιστόν τε καὶ ἄριστον καὶ ἥδιστον ἀπὸ γεωργίας τὸν βίον ποιεῖσθαι, πάνυ μοι δοκῶ πεπεῖσθαι ἱκανῶς· ὅτι δὲ ἔφησθα καταμαθεῖν τὰ αἴτια τῶν τε οὕτω γεωργούντων, ὥστε ἀπὸ τῆς γεωργίας ἀφθόνως ἔχειν ὧν δέονται καὶ τῶν οὕτως ἐργαζομένων, ὡς μὴ λυσιτελεῖν αὐτοῖς τὴν γεωργίαν, καὶ ταῦτ' ἄν μοι δοκῶ ἡδέως ἑκάτερα ἀκούειν σου, ὅπως ἃ μὲν ἀγαθά ἐστι ποιῶμεν, ἃ δὲ βλαβερὰ μὴ ποιῶμεν.

Τί οὖν, ἔφη ὁ Σωκράτης, ὦ Κριτόβουλε, ἤν σοι ἐξ ἀρχῆς διηγήσωμαι, ὡς συνεγενόμην ποτὲ ἀνδρί, ὃς ἐμοὶ ἐδόκει εἶναι τῷ ὄντι τούτων τῶν ἀνδρῶν, ἐφ' οἷς τοῦτο τὸ ὄνομα δικαίως ἐστίν, ὃ καλεῖται καλός τε κἀγαθὸς ἀνήρ;

Πάνυ ἄν, ἔφη ὁ Κριτόβουλος, βουλοίμην ἂν οὕτως ἀκούειν, ὡς καὶ ἔγωγε ἐρῶ τούτου τοῦ ὀνόματος ἄξιος γενέσθαι.

and the best branch of knowledge is farming, from which people obtain what is necessary to them. For this occupation seemed to be the easiest to learn and the most pleasant to practice, to afford the body the greatest measure of strength and beauty, and to afford the mind the greatest amount of spare time for attending to the interests of one's friends and city. Since farm crops grow and cattle graze outside the city walls, farming seemed to us to help in some measure to make those who work at it brave. And so this way of making a living appeared to be held in the highest esteem by our cities, because it seems to turn out citizens who are the bravest and most loyal to the community."

"I have already heard enough, I think, Socrates, to convince me that farming is the fairest, noblest, and most pleasant way to earn a living. But you told me that you have discovered the reasons why some farmers are so successful that farming yields them all they need in abundance, and others are so inefficient that they find farming unprofitable. I should like to hear the reasons in each case, so that we may do what is good and avoid what is harmful."

"Well then, Critobulus, what if I give you a complete account of an interview I once had with a man whom I took to be really one of those who are justly styled true gentlemen?"

"I would greatly like to hear it, Socrates, for I long to deserve that title myself."

Best economic activity is farming

13 Λέξω τοίνυν σοι, ἔφη ὁ Σωκράτης, ὡς καὶ ἦλθον ἐπὶ τὴν
σκέψιν αὐτοῦ. τοὺς μὲν γὰρ ἀγαθοὺς τέκτονας, ἀγαθοὺς
χαλκέας, ἀγαθοὺς ζωγράφους, ἀγαθοὺς ἀνδριαντοποιοὺς καὶ
τὰ ἄλλα τὰ τοιαῦτα πάνυ ὀλίγος μοι χρόνος ἐγένετο ἱκανὸς
περιελθεῖν τε καὶ θεάσασθαι τὰ δεδοκιμασμένα καλὰ ἔργα
14 αὐτοῖς εἶναι. ὅπως δὲ δὴ καὶ τοὺς ἔχοντας τὸ σεμνὸν ὄνομα
τοῦτο τὸ καλός τε κἀγαθὸς ἐπισκεψαίμην, τί ποτ' ἐργαζόμενοι
τοῦτ' ἀξιοῦντο καλεῖσθαι, πάνυ μου ἡ ψυχὴ ἐπεθύμει αὐτῶν τινι
15 συγγενέσθαι. καὶ πρῶτον μὲν ὅτι προσέκειτο τὸ καλὸς τῷ
ἀγαθῷ, ὄντινα ἴδοιμι καλόν, τούτῳ προσῄειν καὶ ἐπειρώμην
καταμανθάνειν, εἴπου ἴδοιμι προσηρτημένον τῷ καλῷ τὸ
16 ἀγαθόν. ἀλλ' οὐκ ἄρα εἶχεν οὕτως, ἀλλὰ ἐνίους ἐδόκουν
καταμανθάνειν τῶν καλῶν τὰς μορφὰς πάνυ μοχθηροὺς ὄντας
τὰς ψυχάς. ἔδοξεν οὖν μοι ἀφέμενον τῆς καλῆς ὄψεως ἐπ' αὐτῶν
17 τινα ἐλθεῖν τῶν καλουμένων καλῶν τε κἀγαθῶν. ἐπεὶ οὖν τὸν
Ἰσχόμαχον ἤκουον πρὸς πάντων καὶ ἀνδρῶν καὶ γυναικῶν καὶ
ξένων καὶ ἀστῶν καλόν τε κἀγαθὸν ἐπονομαζόμενον, ἔδοξέ μοι
τούτῳ πειραθῆναι συγγενέσθαι.

7. Ἰδὼν οὖν ποτε αὐτὸν ἐν τῇ τοῦ Διὸς τοῦ ἐλευθερίου στοᾷ
καθήμενον, ἐπεί μοι ἔδοξε σχολάζειν, προσῆλθον αὐτῷ καὶ
παρακαθιζόμενος εἶπον·

Τί, ὦ Ἰσχόμαχε, οὐ μάλα εἰωθὼς σχολάζειν κάθησαι; ἐπεὶ
τά γε πλεῖστα ἢ πράττοντά τι ὁρῶ σε ἢ οὐ πάνυ σχολάζοντα ἐν
τῇ ἀγορᾷ.

2 Οὐδὲ ἄν γε νῦν, ἔφη ὁ Ἰσχόμαχος, ὦ Σώκρατες,

"Then I will tell you how I came to investigate him. For it took 13
me very little time to visit our good builders, good smiths, good
painters, good sculptors, and other people of the kind, and to
inspect what were considered their finest works; but my soul very 14
much desired to meet one of those who are called by that grand
name 'gentleman,' which implies 'beautiful' as well as 'good,' in
order to consider what they did to deserve it. And, first, because 15
the epithet 'beautiful' is added to 'good,' I went up to every person
I noticed, and tried to discover whether I could anywhere see
goodness in combination with beauty. But it was not that way at all: 16
I thought I discovered that some who were beautiful to look at
were thoroughly depraved in their souls. So I decided to let good
looks go and to seek out someone known as a gentleman. And 17
since I heard the name applied to Ischomachus by men, women,
citizens, and foreigners alike, I decided to try to meet him.[12]

7. So, happening one day to see him sitting in the stoa of the
temple of Zeus Eleutherius apparently at leisure, I approached,
and sitting down at his side, said:

"Why sitting still, Ischomachus? You are not much in the habit
of doing nothing; for generally when I see you in the marketplace
you are either busy or at least not completely idle."

"True, and you would not have seen me so now, Socrates, 2

Ischomachus is a gentleman, but Socrates finds him at the marketplace

ἑώρας, εἰ μὴ ξένους τινὰς συνεθέμην ἀναμένειν ἐνθάδε.

Ὅταν δὲ μὴ πράττῃς τι τοιοῦτον, πρὸς τῶν θεῶν, ἔφην ἐγώ, ποῦ διατρίβεις καὶ τί ποιεῖς; ἐγὼ γάρ τοι πάνυ βούλομαί σου πυθέσθαι, τί ποτε πράττων καλός τε κἀγαθὸς κέκλησαι, ἐπεὶ οὐκ ἔνδον γε διατρίβεις οὐδὲ τοιαύτη σου ἡ ἕξις τοῦ σώματος καταφαίνεται.

3 Καὶ ὁ Ἰσχόμαχος γελάσας ἐπὶ τῷ τί ποιῶν καλὸς κἀγαθὸς κέκλησαι καὶ ἡσθείς, ὥς γ' ἐμοὶ ἔδοξεν, εἶπεν· Ἀλλ' εἰ μὲν ὅταν σοι διαλέγωνται περὶ ἐμοῦ τινες, καλοῦσί με τοῦτο τὸ ὄνομα, οὐκ οἶδα· οὐ γὰρ δὴ ὅταν γέ με εἰς ἀντίδοσιν καλῶνται τριηραρχίας ἢ χορηγίας, οὐδείς, ἔφη, ζητεῖ τὸν καλόν τε κἀγαθόν, ἀλλὰ σαφῶς, ἔφη, ὀνομάζοντές με Ἰσχόμαχον πατρόθεν προσκαλοῦνται. ἐγὼ μὲν τοίνυν, ἔφη, ὦ Σώκρατες, ὅ με ἐπήρου, οὐδαμῶς ἔνδον διατρίβω. καὶ γὰρ δή, ἔφη, τά γε ἐν τῇ οἰκίᾳ μου πάνυ καὶ αὐτὴ ἡ γυνὴ ἐστιν ἱκανὴ διοικεῖν.

4 Ἀλλὰ καὶ τοῦτο, ἔφην, ἔγωγε, ὦ Ἰσχόμαχε, πάνυ ἂν ἡδέως σου πυθοίμην, πότερα αὐτὸς σὺ ἐπαίδευσας τὴν γυναῖκα, ὥστε εἶναι οἵαν δεῖ, ἢ ἐπισταμένην ἔλαβες παρὰ τοῦ πατρὸς καὶ τῆς μητρὸς διοικεῖν τὰ προσήκοντα αὐτῇ.

5 Καὶ τί ἄν, ἔφη, ὦ Σώκρατες, ἐπισταμένην αὐτὴν παρέλαβον, ἥ ἔτη μὲν οὔπω πεντεκαίδεκα γεγονυῖα ἦλθε πρὸς ἐμέ, τὸν δ' ἔμπροσθεν χρόνον ἔζη ὑπὸ πολλῆς ἐπιμελείας, ὅπως ὡς ἐλάχιστα μὲν ὄψοιτο, ἐλάχιστα δὲ ἀκούσοιτο, ἐλάχιστα δ'

6 ἐροίη; οὐ γὰρ ἀγαπητόν

had I not made an appointment with some guests here."

"And where *do* you spend your time," I asked, "and what *do* you do when you're not doing something of that sort? For I want very much to learn how you came to be called a gentleman, since you do not pass your time indoors and your condition does not suggest that you do so."

Smiling at my question, How did you come to be called a 3
gentleman? and apparently pleased, Ischomachus answered, "Well, Socrates, I don't know whether people call me that when they talk to you about me. Certainly when they challenge me to an exchange of property in order to escape an obligation to maintain a warship or train a chorus,[13] nobody goes looking for the gentleman but the challenge refers to me as plain Ischomachus, my father's son. And, Socrates, since you ask the question, I certainly do not pass my time indoors, for my wife is quite capable of managing the household, even by herself."

"Ah, Ischomachus," I said, "that is just what I want to find out 4
from you. Did you yourself train your wife to be of the right sort, or did she know her household duties when you received her from her father and mother?"

"And just what knowledge could she have had, Socrates, when 5
I took her as my wife? She was not yet fifteen when she came to me, and up to that time she had lived under diligent supervision, seeing, hearing, and speaking as little as possible. If when she 6
came she knew no more

Ischomachus' wife is managing the estate. He married her when she was 14-15 years old and taught her economics

σοι δοκεῖ εἶναι, εἰ μόνον ἦλθεν ἐπισταμένη ἔρια παραλαβοῦσα ἱμάτιον ἀποδεῖξαι καὶ ἐωρακυῖα, ὡς ἔργα ταλάσια θεραπαίναις δίδοται; ἐπεὶ τά γε ἀμφὶ γαστέρα, ἔφη, πάνυ καλῶς, ὦ Σώκρατες, ἦλθε πεπαιδευμένη· ὅπερ μέγιστον ἔμοιγε δοκεῖ παίδευμα εἶναι καὶ ἀνδρὶ καὶ γυναικί.

7 Τὰ δ' ἄλλα, ἔφην ἐγώ, ὦ Ἰσχόμαχε, αὐτὸς ἐπαίδευσας τὴν γυναῖκα ὥστε ἱκανὴν εἶναι ὧν προσήκει ἐπιμελεῖσθαι;

Οὐ μὰ Δί', ἔφη ὁ Ἰσχόμαχος, οὐ πρίν γε καὶ ἔθυσα καὶ εὐξάμην ἐμέ τε τυγχάνειν διδάσκοντα καὶ ἐκείνην μανθάνουσαν τὰ βέλτιστα ἀμφοτέροις ἡμῖν.

8 Οὐκοῦν, ἔφην ἐγώ, καὶ ἡ γυνή σοι συνέθυε καὶ συννήχετο ταὐτὰ ταῦτα;

Καὶ μάλα γ', ἔφη ὁ Ἰσχόμαχος, πολλὰ ὑποσχομένη μέν, ‹εὐχομένη δὲ›[8] πρὸς τοὺς θεοὺς γενέσθαι οἵαν δεῖ, καὶ εὔδηλος ἦν ὅτι οὐκ ἀμελήσει τῶν διδασκομένων.

9 Πρὸς θεῶν, ἔφην ἐγώ, ὦ Ἰσχόμαχε, τί πρῶτον διδάσκειν ἦρχου αὐτήν, διηγοῦ μοι· ὡς ἐγὼ ταῦτ' ἂν ἥδιόν σου διηγουμένου ἀκούοιμι ἢ εἴ μοι γυμνικὸν ἢ ἱππικὸν ἀγῶνα τὸν κάλλιστον διηγοῖο.

10 Καὶ ὁ Ἰσχόμαχος ἀπεκρίνατο, Τί δέ; ἔφη, ὦ Σώκρατες, ἐπεὶ ἤδη μοι χειροήθης ἦν καὶ ἐτετιθάσευτο ὥστε διαλέγεσθαι, ἠρόμην αὐτήν, ἔφη, ὧδέ πως·

Εἰπέ μοι, ὦ γύναι, ἆρα ἤδη κατενόησας, τίνος ποτὲ ἕνεκα ἐγώ τε σὲ ἔλαβον καὶ οἱ σοὶ γονεῖς ἔδοσάν σε

than how, when given wool, to turn out a cloak, and had seen only how the spinning tasks are allocated to the slaves, isn't that as much as could be expected? For in control of her appetite, Socrates, she had been excellently trained; and I regard that sort of training to be the most important for man and woman alike."

"But in other respects, Ischomachus, did you train your wife yourself, so that she should be competent to perform her duties?" 7

"Oh no, Socrates, at least not until I had first offered sacrifice and prayed that I might really teach, and she really learn what was best for us both."

"Didn't your wife join with you in these same sacrifices and prayers?" 8

"Oh yes, and she earnestly promised ‹and prayed› to the gods to behave as she ought to, and it was easy to see that she would not neglect the lessons she had been taught."

"Do tell me, Ischomachus, what was the first lesson you taught her: I would sooner hear this from you than an account of the noblest athletic competition or horse race!" 9

"Well, Socrates, as soon as I found her sufficiently tamed and domesticated to carry on a conversation, I questioned her along the following lines: 10

"'Tell me, wife, have you thought about my reasons for taking you and your parents' reasons for giving you to me?

τῶν σκευῶν καθ' ἡμέραν χρῶνται οἱ οἰκέται, οἷον σιτοποικοῖς, ὀψοποικοῖς, ταλασιουργικοῖς, καὶ εἴ τι ἄλλο τοιοῦτον, ταῦτα μὲν αὐτοῖς τοῖς χρωμένοις δείξαντες ὅπου δεῖ τιθέναι παρεδώκαμεν καὶ ἐπετάξαμεν σῶα παρέχειν· ὅσοις δ' εἰς ἑορτὰς ἢ ξενοδοκίας χρώμεθα ἢ εἰς τὰς διὰ χρόνου πράξεις, ταῦτα δὲ τῇ ταμίᾳ παρεδώκαμεν καὶ δείξαντες τὰς χώρας αὐτῶν καὶ ἀπαριθμήσαντες καὶ γραψάμενοι ἕκαστα εἴπομεν αὐτῇ διδόναι τούτων ὅτῳ δέοι ἕκαστον, καὶ μεμνῆσθαι ὅ τι ἄν τῳ διδῷ, καὶ ἀπολαμβάνουσαν κατατιθέναι πάλιν ὅθενπερ ἂν ἕκαστα λαμβάνῃ.

11 Τὴν δὲ ταμίαν ἐποιησάμεθα ἐπισκεψάμενοι, ἥτις ἡμῖν ἐδόκει εἶναι ἐγκρατεστάτη καὶ γαστρὸς καὶ οἴνου καὶ ὕπνου καὶ ἀνδρῶν συνουσίας, πρὸς τούτοις δὲ ἥ τὸ μνημονικὸν μάλιστα ἐδόκει ἔχειν καὶ τὸ προνοεῖν, μή τι κακὸν λάβῃ παρ' ἡμῶν ἀμελοῦσα, καὶ σκοπεῖν, ὅπως χαριζομένη τι ἡμῖν ὑφ' ἡμῶν 12 ἀντιτιμήσεται. ἐδιδάσκομεν δὲ αὐτὴν καὶ εὐνοϊκῶς ἔχειν πρὸς ἡμᾶς, ὅτ' εὐφραινοίμεθα, τῶν εὐφροσυνῶν μεταδιδόντες καὶ εἴ τι λυπηρὸν εἴη, εἰς ταῦτα παρακαλοῦντες. καὶ τὸ προθυμεῖσθαι δὲ συναύξειν τὸν οἶκον ἐπαιδεύομεν αὐτὴν ἐπιγιγνώσκειν αὐτὴν 13 ποιοῦντες καὶ τῆς εὐπραγίας αὐτῇ μεταδιδόντες. καὶ δικαιοσύνην δ' αὐτῇ ἐνεποιοῦμεν τιμιωτέρους τιθέντες τοὺς δικαίους τῶν ἀδίκων καὶ ἐπιδεικνύοντες πλουσιώτερον καὶ ἐλευθεριώτερον βιοτεύοντας τῶν ἀδίκων· καὶ αὐτὴν δὲ ἐν ταύτῃ τῇ χώρᾳ κατετάττομεν.

14 Ἐπὶ δὲ τούτοις πᾶσιν εἶπον, ἔφη, ὦ Σώκρατες, ἐγὼ

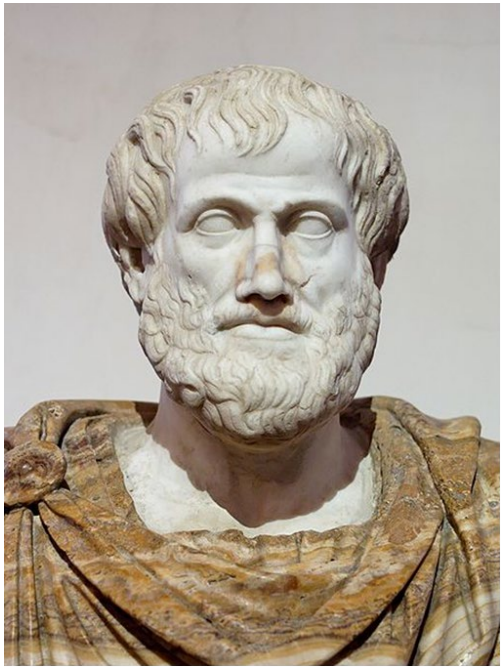
that we showed the slaves who have to use them where to keep the utensils they require daily, for baking, cooking, spinning and so forth; handed them over to their care and charged them to see that they were safe and sound. The things that we use only for festivals 10 or entertaining guests, or on rare occasions, we handed over to the housekeeper, and after showing her their places and counting and making a written inventory of all the items, we told her to dispense what each slave needed but to remember what she had given to each of them, and when she got it back to put it in the place where she takes items of its kind.

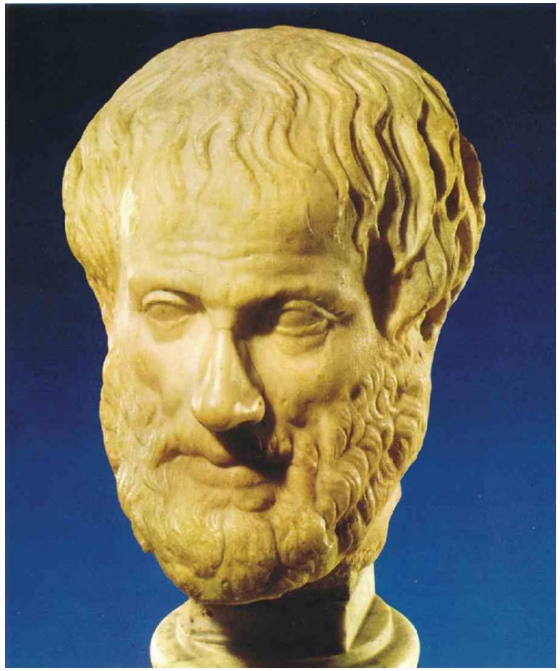
"In appointing the housekeeper, we chose the woman whom 11 on consideration we judged to have the most self-control in eating, wine drinking, sleeping[20] and intercourse with men, the one, too, who seemed to have the best memory, to be most careful not to offend us by neglecting her duties, and to think most how she could earn some reward by obliging us. We also taught her to be 12 loyal to us by making her a partner in all our joys and, if we had any trouble, inviting her to share that too. We trained her to be eager for the improvement of our estate by making her familiar with it and by allowing her to share in our success. And we 13 developed in her a sense of justice by giving more honor to the just than to the unjust, and by showing her that the just live in greater wealth and freedom than the unjust. And so we appointed her to that position.

"When all this was done, Socrates, I told my wife that 14

But eventually all tasks have been assigned to a female housekeeper

Aristotle (384 – 322 BCE)





TIMEO
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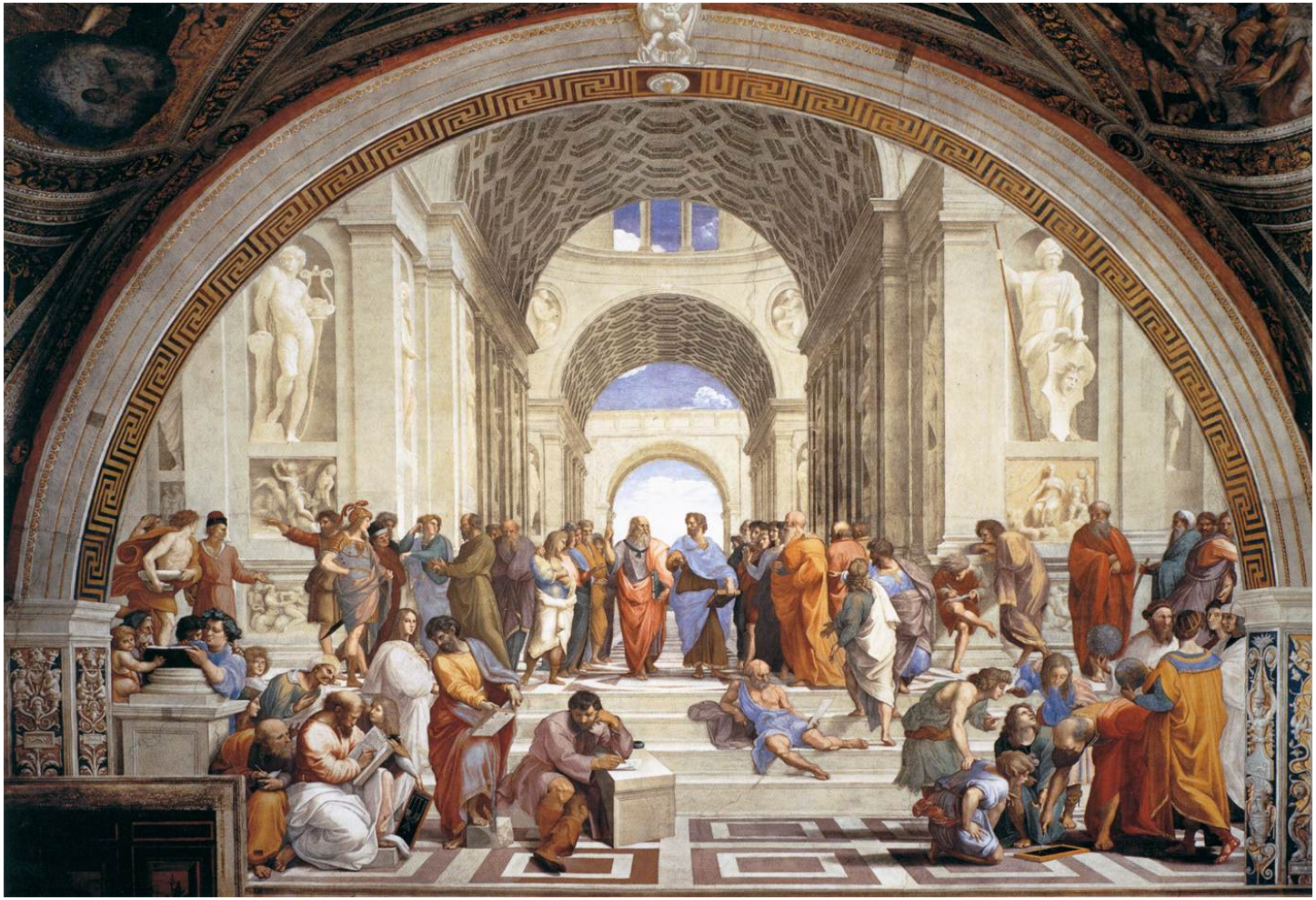
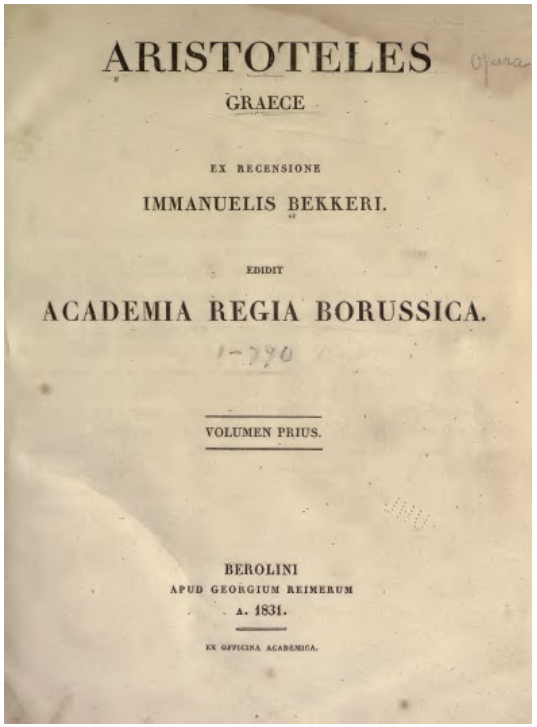


Raffaello Sanzio, School of Athens (Cognitio Causarum), 1509
Stanza della Segnatura, Palazzi Pontifici, Vatican

Stanza della Segnatura

Aristotle (384 – 322 BCE)

- *Nicomachean Ethics*
- *Politics*
- *Oeconomica* (ps.-Aristotelian)


ARISTOTELES

GRAECE

EX RECENSIONE

IMMANUELIS BEKKERI.

EDIDIT

ACADEMIA REGIA BORUSSICA.

VOLUMEN PRIUS.

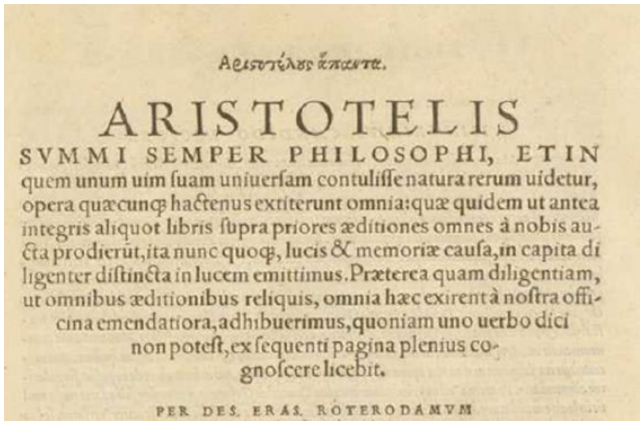
BEROLINI

APUD GEORGIUM REIMERUM

A. 1831.

EX OFFICINA ACADEMICA.

The canonical edition of the complete works by Immanuel Bekker, Berlin, G. Reimer 1831

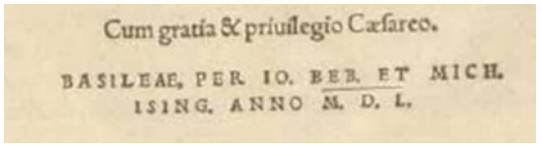

Ἀριστοτέλους ἅπαντα.

ARISTOTELIS

SVMMI SEMPER PHILOSOPHI, ET IN

quem unum uim ſuam uniuerſam contuliſſe natura rerum uidetur, opera quæcunq; hactenus extiterunt omnia: quæ quidem ut antea integris aliquot libris ſupra priores æditiones omnes à nobis aucta prodierũt, ita nunc quoq;, lucis & memoriæ cauſa, in capita diligenter diſtincta in lucem emittimus. Præterea quam diligentiam, ut omnibus æditionibus reliquis, omnia hæc exirent à noſtra officina emendatiora, adhibuerimus, quoniam uno uerbo dici non poteſt, ex ſequenti pagina plenius cognoſcere licebit.

PER DES. ERAS. ROTERODAMVM


Cum gratia & priuilegio Cæſareo.

BASILEAE, PER IO. BEB. ET MICH. ISING. ANNO M. D. L.

The Erasmus edition, Basel 16th c.

ΠΟΛΙΤΙΚΩΝ Α.

Ἐπειδὴ πᾶσαν πόλιν ὁρῶμεν κοινωνίαν τινὰ οὖσαν καὶ πᾶσαν κοινωνίαν ἀγαθῆ τινὸς ἕνεκεν συνεστηκυῖαν (τῆ γὰρ εἶναι δοκοῦντος ἀγαθῆ χάριν πάντα πράττουσι πάντες), δῆλον ὡς πᾶσαι μὲν ἀγαθῆ τινὸς ἐφικνοῦνται, μάλιστα δέ, καὶ τῆ κυριωτάτη πάντων, ἡ πασῶν κυριωτάτη καὶ πάσας περιέχουσα τὰς ἄλλας· αὕτη δ' ἐστὶν ἡ καλουμένη πόλις καὶ ἡ κοινωνία ἡ πολιτική. ὅσοι μὲν οὖν οἴονται πολιτικὸν καὶ βασιλικὸν καὶ οἰκονομικὸν καὶ δεσποτικὸν εἶναι τὸν αὐτόν, ὑ καλῶς λέγουσιν· πλήθει γὰρ καὶ ὀλιγότητι νομίζουσι διαφέρειν, ἀλλ' οὐκ εἴδει τούτων ἕκαστον, οἷον ἂν μὲν ὀλίγων, δεσπότην, ἂν δὲ πλειόνων, οἰκονόμον, ἂν δ' ἔτι πλειόνων, πολιτικὸν ἢ βασιλικόν, ὡς οὐδὲν διαφέρουσαν μεγάλην οἰκίαν ἢ μικρὰν πόλιν, καὶ πολιτικὸν δὲ καὶ βασιλικόν, ὅταν μὲν αὐτὸς ἐφεστήκῃ, βασιλικόν, ὅταν δὲ κατὰ λόγους τῆς ἐπιστήμης τῆς τοιαύτης, κατὰ μέρος ἄρχων καὶ ἀρχόμενος, πολιτικόν. ταῦτα δ' οὐκ ἔστιν ἀληθῆ. δῆλον δ' ἔσται τὸ λεγόμενον ἐπισκοποῦσι κατὰ τὴν ὑφηγημένην μέθοδον. ὥσπερ γὰρ ἐν τοῖς ἄλλοις τὸ σύνθετον μέχρι τῶν ἀσυνθέτων ἀνάγκη διαιρεῖν (ταῦτα γὰρ ἐλάχιστα μόρια τῆ παντός), οὕτω καὶ πόλιν ἐξ ὧν σύγκειται σκοποῦντες ὀψόμεθα καὶ περὶ τούτων μᾶλλον, τί τε διαφέρουσιν ἀλλήλων, καὶ εἴ τι τεχνικὸν ἐνδέχεται λαβεῖν περὶ ἕκαστον τῶν ῥηθέντων.

2 Εἰ δή τις ἐξ ἀρχῆς τὰ πράγματα φυόμενα βλέψειεν, ὥσπερ ἐν τοῖς ἄλλοις, καὶ ἐν τούτοις κάλλιστ' ἂν οὕτω θεωρήσειεν. ἀνάγκη δὴ πρῶτον συνδυάζεσθαι τοὺς ἄνευ ἀλλήλων μὴ δυναμένους εἶναι, οἷον θῆλυ μὲν καὶ ἄρρεν τῆς γενέσεως ἕνεκεν (καὶ τοῦτο οὐκ ἐκ προαιρέσεως, ἀλλ' ὥσπερ καὶ ἐν τοῖς ἄλλοις ζῴοις καὶ φυτοῖς φυσικὸν τὸ ἐφίεσθαι, οἷον αὐτό, τοιοῦτον καταλιπεῖν ἕτερον), ἄρχον δὲ φύσει καὶ ἀρχόμενον διὰ τὴν σωτηρίαν· τὸ μὲν γὰρ δυνάμενον τῆ διανοίᾳ προορᾶν ἄρχον φύσει καὶ δεσπόζον φύσει, τὸ δὲ δυνάμενον τῷ σώματι ταῦτα ποιεῖν ἀρχόμενον καὶ φύσει δοῦλον. διὸ δεσπότῃ καὶ δούλῳ ταὐτὸ συμφέρει. φύσει μὲν οὖν διώρισται τὸ θῆλυ καὶ τὸ δοῦλον. οὐδὲν γὰρ ἡ φύσις ποιεῖ τοιοῦτον οἷον χαλκοτύποι τὴν Δελφικὴν μάχαιραν πενιχρῶς, ἀλλ' ἓν πρὸς ἕν· ὕτω γὰρ ἂν ἀποτελοῖτο κάλλιστα τῶν ὀργάνων ἕκαστον, μὴ πολλοῖς ἔργοις ἀλλ' ἑνὶ δουλεῦον. ἐν δὲ τοῖς βαρβάροις τὸ θῆλυ καὶ δοῦλον τὴν αὐτὴν ἔχει τάξιν. αἴτιον δ' ὅτι τὸ φύσει ἄρχον οὐκ ἔχουσιν, ἀλλὰ γίνεται ἡ κοινωνία αὐτῶν θήλεος καὶ θήλεως. διὸ φασιν οἱ ποιηταὶ "βαρβάρων δ' Ἕλληνας ἄρχειν εἰκός," ὡς ταὐτὸ φύσει βάρβαρον καὶ δοῦλον ὄν. ἐκ μὲν δὴ τούτων τῶν δύο κοινωνιῶν οἰκία πρώτη, καὶ ὀρθῶς Ἡσίοδος εἶπε ποιήσας "οἶκον μὲν πρώτιστα γυναῖκά τε βοῦν τ' ἀροτῆρα·" ὁ γὰρ βοῦς ἀντ' οἰκέτου τοῖς πένησίν ἐστιν. ἡ μὲν οὖν εἰς πᾶσαν ἡμέραν συνεστηκυῖα κοινωνία κατὰ φύσιν οἰκός ἐστιν, οὓς Χαρώνδας μὲν καλεῖ ὁμοσιπύους, Ἐπιμενίδης δὲ ὁ Κρὴς ὁμοκάπους· ἡ δ' ἐκ πλειόνων οἰκιῶν κοινωνία πρώτη χρήσεως ἕνεκεν μὴ ἐφημέρου κώμη. μάλιστα δὲ κατὰ φύσιν ἔοικεν ἡ κώμη ἀποικίᾳ οἰκίας εἶναι· οὓς καλοῦσί τινες ὁμογάλακτας παῖδάς τε καὶ παίδων παῖδας. διὸ καὶ τὸ πρῶτον ἐβασιλεύοντο αἱ πόλεις, καὶ νῦν ἔτι τὰ ἔθνη· ἐκ βασιλευομένων γὰρ συνῆλθον. πᾶσα γὰρ οἰκία βασιλεύεται ὑπὸ τῆ πρεσβυτάτῃ, ὥστε καὶ αἱ ἀποικίαι διὰ τὴν συγγένειαν. καὶ τοῦτ' ἐστὶν ὃ λέγει "Ὅμηρος, "θεμιστεύει δὲ ἕκαστος παίδων ἠδ' ἀλόχων." σποράδες γάρ· καὶ ὕτω τὸ ἀρχαῖον ᾤκουν. καὶ τοὺς θεοὺς δὲ διὰ τοῦτο πάντες φασὶ βασιλεύεσθαι, ὅτι καὶ αὐτοὶ οἱ μὲν ἔτι καὶ νῦν, οἱ δὲ τὸ ἀρχαῖον ἐβασιλεύοντο· ὥσπερ δὲ καὶ τὰ εἴδη ἑαυτοῖς ἀφομοιοῦσιν οἱ ἄνθρωποι, ὕτω καὶ τὸν βίον τῶν θεῶν. ἡ δ' ἐκ πλειόνων κωμῶν κοινωνία τέλειος πόλις, ἡ δὴ πάσης ἔχουσα πέρας τῆς αὐταρκείας ὡς ἔπος εἰπεῖν· γινομένη μὲν οὖν τῆ ζῆν ἕνεκεν, οὖσα δὲ τῆ εὖ ζῆν. διὸ πᾶσα πόλις φύσει ἐστίν, εἴπερ καὶ αἱ πρῶται κοινωνίαι· τέλος γὰρ αὕτη ἐκείνων, ἡ δὲ φύσις τέλος ἐστίν· οἷον γὰρ ἕκαστόν ἐστι τῆς γενέσεως τελεσθείσης, ταύτην φαμὲν τὴν φύσιν εἶναι ἑκάστου, ὥσπερ ἀνθρώπου, ἵππου, οἰκίας. ἔτι τὸ οὗ ἕνεκα καὶ τὸ τέλος βέλ-

Codices $QI^{b}M^{1}Q^{1}S^{1}T^{1}U^{1}F^{1}VV^{1}$.

10. εἶδη T^{1}. ‖ 14. ἐφιστήκει QT^{1}. ‖ 15. κατὰ τοὺς λόγους I^{1}. ‖ 18. γὰρ om M^{1}. ‖ 22. εἴ τι]· ἔτι S^{1}. ‖ 26. συνδιάζεσθαι S^{1}. ‖ 30. τοῦτο M^{1}. ‖ ἄρχειν T^{1}.

2. μάχαιραν T^{1}. ‖ 14. κερώδας Q. ‖ ὁμοστίνους corr M^{1}. ‖ 15. ὁμοκάπνους Parisiensis 1857. ‖ 19. ἐκβασιλεύοντο Q. ‖ 21. ὑπὲρ S^{1}. ‖ 31. κοινωνίαι om M^{1}. ‖ 32. γὰρ om S^{1}.

Corpus Aristotelicum

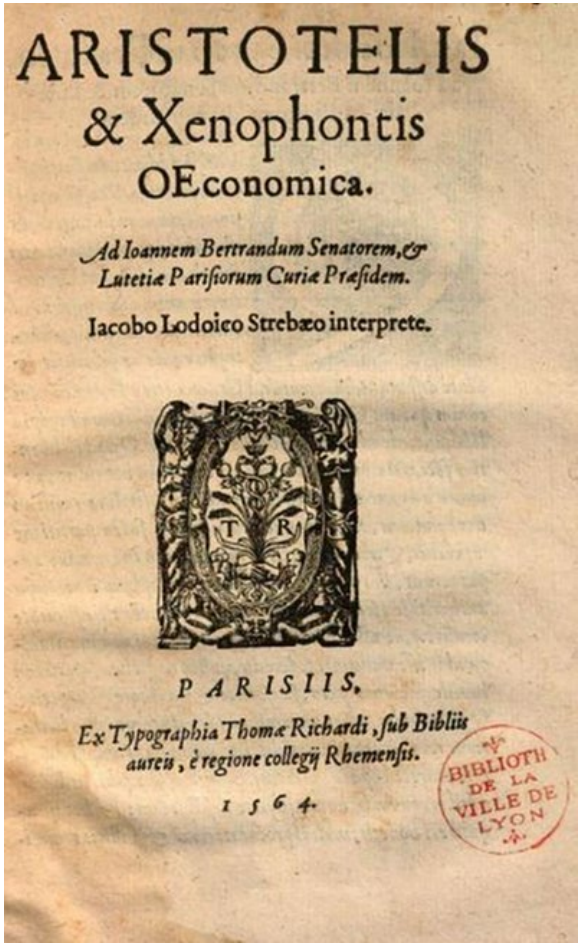
Key

* Authenticity disputed.

[ ] Generally agreed to be spurious.

Bekker number	Work	Latin name
Logic		
	Organon	
1a	*Categories*	*Categoriae*
16a	*On Interpretation*	*De Interpretatione*
24a	*Prior Analytics*	*Analytica Priora*
71a	*Posterior Analytics*	*Analytica Posteriora*
100a	*Topics*	*Topica*
164a	*On Sophistical Refutations*	*De Sophisticis Elenchis*
Physics (natural philosophy)		
184a	*Physics*	*Physica*
268a	*On the Heavens*	*De Caelo*
314a	*On Generation and Corruption*	*De Generatione et Corruptione*
338a	*Meteorology*	*Meteorologica*
391a	[*On the Universe*]	[*De Mundo*]
402a	*On the Soul*	*De Anima*
	Parva Naturalia ("Short Works on Nature")	
436a	*Sense and Sensibilia*	*De Sensu et Sensibilibus*
449b	*On Memory*	*De Memoria et Reminiscentia*
453b	*On Sleep*	*De Somno et Vigilia*
458a	*On Dreams*	*De Insomniis*
462b	*On Divination in Sleep*	*De Divinatione per Somnum*
464b	*On Length and Shortness of Life*	*De Longitudine et Brevitate Vitae*
467b	*On Youth, Old Age, Life and Death, and Respiration*	*De Juventute et Senectute, De Vita et Morte, De Respiratione*
481a	[*On Breath*]	[*De Spiritu*]
486a	*History of Animals*	*Historia Animalium*
639a	*Parts of Animals*	*De Partibus Animalium*
698a	*Movement of Animals*	*De Motu Animalium*
704a	*Progression of Animals*	*De Incessu Animalium*
715a	*Generation of Animals*	*De Generatione Animalium*
791a	[*On Colors*]	[*De Coloribus*]
800a	[*On Things Heard*]	[*De audibilibus*]
805a	[*Physiognomonics*]	[*Physiognomonica*]
815a	[*On Plants*]	[*De Plantis*]
830a	[*On Marvellous Things Heard*]	[*De mirabilibus auscultationibus*]
847a	[*Mechanics*]	[*Mechanica*]
859a	*Problems**	*Problemata**
968a	[*On Indivisible Lines*]	[*De Lineis Insecabilibus*]
973a	[*The Situations and Names of Winds*]	[*Ventorum Situs*]
974a	[*On Melissus, Xenophanes, and Gorgias*]	[*De Melisso, Xenophane, Gorgia*]
Metaphysics		
980a	*Metaphysics*	*Metaphysica*
Ethics and politics		
1094a	*Nicomachean Ethics*	*Ethica Nicomachea*
1181a	*Great Ethics**	*Magna Moralia**
1214a	*Eudemian Ethics*	*Ethica Eudemia*
1249a	[*On Virtues and Vices*]	[*De Virtutibus et Vitiis Libellus*]
1252a	*Politics*	*Politica*
1343a	*Economics**	*Oeconomica**
Rhetoric and poetics		
1354a	*Rhetoric*	*Ars Rhetorica*
1420a	[*Rhetoric to Alexander*]	[*Rhetorica ad Alexandrum*]
1447a	*Poetics*	*Ars Poetica*

Joint edition of "economic" books by Aristotle and Xenophon in Latin, Paris 1564



ARISTOTELIS
& Xenophontis
OEconomica.

Ad Ioannem Bertrandum Senatorem, & Lutetiæ Parisiorum Curiæ Præsidem.

Iacobo Lodoico Strebæo interprete.

PARISIIS,

Ex Typographia Thomæ Richardi, sub Bibliis aureis, è regione collegij Rhemensis.

1564.

BIBLIOTH DE LA VILLE DE LYON

In Aristotle's *Oeconomica* we find a reference to four types of economies: royal, satrapic, political, and private

ARISTOTLE

B

1345 b I. Τὸν οἰκονομεῖν μέλλοντά τι κατὰ τρόπον τῶν τε τόπων, περὶ οὓς ἂν πραγματεύηται, μὴ ἀπείρως ἔχειν, καὶ τῇ φύσει εὐφυῆ εἶναι καὶ τῇ προαιρέσει φιλόπονόν τε καὶ δίκαιον· ὅ τι γὰρ ἂν ἀπῇ τούτων τῶν μερῶν, πολλὰ διαμαρτήσεται περὶ τὴν πραγματείαν ἣν μεταχειρίζεται.

Οἰκονομίαι δέ εἰσι τέσσαρες, ὡς ἐν τύπῳ διελέσθαι (τὰς γὰρ ἄλλας εἰς τοῦτο ἐμπιπτούσας εὑρήσομεν), βασιλικὴ σατραπικὴ πολιτικὴ ἰδιωτική.

Τούτων δὲ μεγίστη μὲν καὶ ἁπλουστάτη ἡ βασιλική, . . .[1] 2
ποικιλωτάτη δὲ καὶ ῥᾴστη ἡ πολιτική, ἐλαχίστη δὲ καὶ ποικιλωτάτη ἡ ἰδιωτική. ἐπικοινωνεῖν μὲν τὰ πολλὰ ἀλλήλαις ἀναγκαῖον ἐστίν· ὅσα δὲ μάλιστα δι' αὐτῶν ἑκάστῃ συμβαίνει, ταῦτα ἐπισκεπτέον ἡμῖν ἐστιν.

Πρῶτον μὲν τοίνυν τὴν βασιλικὴν ἴδωμεν. ἔστι δὲ αὕτη δυναμένη μὲν τὸ καθόλου, εἴδη δὲ ἔχουσα τέσσαρα, περὶ νόμισμα, περὶ τὰ ἐξαγώγιμα, περὶ τὰ εἰσαγώγιμα, περὶ τὰ ἀναλώματα.

Τούτων δὲ ἕκαστον [μὲν] περὶ . . . τὸ νόμισμα 3

OECONOMICA, II. 1

BOOK II

I. Right administration of a household demands in the first place familiarity with the sphere of one's action[a]; in the second place, good natural endowments; and in the third, an upright and industrious way of life. For the lack of any one of these qualifications will involve many a failure in the task one takes in hand.

Of such administrations there are four main types, under which all others may be classified. We have the administration of a king; of the governors under him; of a free state; and of a private citizen.

Of these, that of a king is the most extensive, yet at the same 2
time the simplest. A governor's office is also very extensive, but divided into a great variety of departments. The administration of a free state is again very varied, but it is the easiest to conduct; while that of a private individual presents the like variety, but within limits which are narrowest of all. For the most part, all four will of necessity cover the same ground; we will, however, take them in turn, and see what is especially characteristic of each.

Taking first the royal administration, we see that while theoretically its power is unlimited, it is in practice concerned with four departments, namely currency, exports, imports, and expenditure.

Taking these severally, I assign to that of currency 3

ΑΡΙΣΤΟΤΕΛΟΥΣ

ΠΟΛΙΤΙΚΩΝ

ΒΙΒΛΙΑ Ὀκτώ.

ARISTOTELIS.

DE OPTIMO STATV REIP.

LIBRI OCTO.

FLORENTIAE APVD IVNTAS

M. D. LII.

ΑΡΙΣΤΟΤΕΛΟΥΣ ΠΟΛΙΤΙΚΩΝ Α

Ι. Ἐπειδὴ πᾶσαν πόλιν ὁρῶμεν κοινωνίαν τινὰ οὖσαν, καὶ πᾶσαν κοινωνίαν ἀγαθοῦ τινος ἕνεκεν συνεστηκυῖαν (τοῦ γὰρ εἶναι δοκοῦντος ἀγαθοῦ χάριν πάντα πράττουσι πάντες), δῆλον ὡς πᾶσαι μὲν ἀγαθοῦ τινος στοχάζονται, μάλιστα δὲ καὶ τοῦ κυριωτάτου πάντων ἡ πασῶν κυριωτάτη καὶ πάσας περιέχουσα τὰς ἄλλας· αὕτη δ' ἐστὶν ἡ καλουμένη πόλις καὶ ἡ κοινωνία ἡ πολιτική. ὅσοι μὲν οὖν οἴονται πολιτικὸν καὶ βασιλικὸν καὶ οἰκονομικὸν καὶ δεσποτικὸν εἶναι τὸν αὐτόν, οὐ καλῶς λέγουσιν· πλήθει γὰρ καὶ ὀλιγότητι νομίζουσι διαφέρειν ἀλλ' οὐκ εἴδει τούτων ἕκαστον, οἷον ἂν μὲν ὀλίγων, δεσπότην, ἂν δὲ πλειόνων, οἰκονόμον, ἂν δ' ἔτι πλειόνων, πολιτικὸν ἢ βασιλικόν, ὡς οὐδὲν διαφέρουσαν μεγάλην οἰκίαν ἢ μικρὰν πόλιν· καὶ πολιτικὸν δὲ καὶ βασιλικόν, ὅταν μὲν αὐτὸς ἐφεστήκῃ, βασιλικόν, ὅταν δὲ

The state is the supreme partnership and aims at the supreme good.
Not similar to a household

ARISTOTLE'S POLITICS

BOOK I

Book I. THE FAMILY.

The State differs generically from the Family.

1 I. Every state is as we see a sort of partnership,[a] and every partnership is formed with a view to some good (since all the actions of all mankind are done with a view to what they think to be good). It is therefore evident that, while all partnerships aim at some good, the partnership that is the most supreme of all and includes all the others does so most of all, and aims at the most supreme of all goods; and this is the partnership entitled the state,
2 the political association. Those[b] then who think that the natures of the statesman, the royal ruler, the head of an estate[c] and the master of a family are the same, are mistaken; they imagine that the difference between these various forms of authority is one of greater and smaller numbers, not a difference in kind—that is, that the ruler over a few people is a master, over more the head of an estate, over more still a statesman or royal ruler, as if there were no difference between a large household and a small city; and also as to the statesman and the royal ruler, they think that one who governs as sole head is royal, and one who,

κατὰ λόγους τῆς ἐπιστήμης τῆς τοιαύτης κατὰ μέρος ἄρχων καὶ ἀρχόμενος, πολιτικόν· ταῦτα δ' οὐκ ἔστιν ἀληθῆ. δῆλον δ' ἔσται τὸ λεγόμενον ἐπισκοποῦσι κατὰ τὴν ὑφηγημένην μέθοδον· ὥσπερ γὰρ ἐν τοῖς ἄλλοις τὸ σύνθετον μέχρι τῶν ἀσυνθέτων ἀνάγκη διαιρεῖν (ταῦτα γὰρ ἐλάχιστα μόρια τοῦ παντός), οὕτω καὶ πόλιν ἐξ ὧν σύγκειται σκοποῦντες ὀψόμεθα καὶ περὶ τούτων μᾶλλον τί τε διαφέρουσιν ἀλλήλων καὶ εἴ τι τεχνικὸν ἐνδέχεται λαβεῖν περὶ ἕκαστον τῶν ῥηθέντων.

Εἰ δή τις ἐξ ἀρχῆς[1] τὰ πράγματα φυόμενα βλέψειεν, ὥσπερ ἐν τοῖς ἄλλοις καὶ ἐν τούτοις κάλλιστ' ἂν οὕτω θεωρήσειεν. ἀνάγκη δὴ πρῶτον συνδυάζεσθαι τοὺς ἄνευ ἀλλήλων μὴ δυναμένους εἶναι, οἷον θῆλυ μὲν καὶ ἄρρεν τῆς γενέσεως[2] ἕνεκεν (καὶ τοῦτο οὐκ ἐκ προαιρέσεως, ἀλλ' ὥσπερ καὶ ἐν τοῖς ἄλλοις ζῴοις καὶ φυτοῖς φυσικὸν τὸ ἐφίεσθαι οἷον αὐτὸ τοιοῦτον καταλιπεῖν ἕτερον), ἄρχον δὲ καὶ ἀρχόμενον φύσει,[3] διὰ τὴν σωτηρίαν (τὸ μὲν γὰρ δυνάμενον τῇ διανοίᾳ προορᾶν ἄρχον φύσει καὶ δεσπόζον φύσει, τὸ δὲ δυνάμενον τῷ σώματι ταῦτα ποιεῖν[4] ἀρχόμενον καὶ φύσει δοῦλον· διὸ δεσπότῃ καὶ δούλῳ ταὐτὸ συμφέρει). φύσει μὲν οὖν διώρισται τὸ θῆλυ καὶ τὸ δοῦλον (οὐθὲν γὰρ ἡ φύσις ποιεῖ τοιοῦτον οἷον χαλκοτύποι τὴν Δελφικὴν μάχαιραν πενιχρῶς, ἀλλ' ἓν πρὸς ἕν·

Method of investigation: examine the composite to its individual elements. By nature, male and female, natural master and natural slave. Things are made for a specific purpose.

while the government follows the principles of the science of royalty, takes turns to govern and be governed is a statesman; but these views are not true. And a proof of what we assert will appear if we examine the question in accordance with our regular method of investigation. In every other matter it is necessary to analyse the composite whole down to its uncompounded elements (for these are the smallest parts of the whole); so too with the state, by examining the elements of which it is composed we shall better discern in relation to these different kinds of rulers what is the difference between them, and whether it is possible to obtain any scientific precision in regard to the various statements made above.

The Family the primary association, for the necessaries of life.

In this subject as in others the best method of investigation is to study things in the process of development from the beginning. The first coupling together of persons then to which necessity gives rise is that between those who are unable to exist without one another, namely the union of female and male for the continuance of the species (and this not of deliberate purpose, but with man as with the other animals and with plants there is a natural instinct to desire to leave behind one another being of the same sort as oneself), and the union of natural ruler and natural subject for the sake of security (for one that can foresee with his mind is naturally ruler and naturally master, and one that can do these things[a] with his body is subject and naturally a slave; so that master and slave have the same interest). Thus the female and the slave are by nature distinct (for nature makes nothing as the cutlers make the Delphic knife,[b] in a niggardly way, but one thing for one

1252 b 5 οὕτω γὰρ ἂν ἀποτελοῖτο κάλλιστα τῶν ὀργάνων ἕκαστον, μὴ πολλοῖς ἔργοις ἀλλ' ἑνὶ δουλεῦον). ἐν δὲ τοῖς βαρβάροις τὸ θῆλυ καὶ τὸ[1] δοῦλον τὴν αὐτὴν ἔχει τάξιν· αἴτιον δ' ὅτι τὸ φύσει ἄρχον οὐκ ἔχουσιν, ἀλλὰ γίνεται ἡ κοινωνία αὐτῶν δούλης καὶ δούλου. διό φασιν οἱ ποιηταὶ

βαρβάρων δ' Ἕλληνας ἄρχειν εἰκός,

10 ὡς ταὐτὸ φύσει βάρβαρον καὶ δοῦλον ὄν. ἐκ μὲν οὖν τούτων 6
τῶν δύο κοινωνιῶν οἰκία πρώτη, καὶ ὀρθῶς Ἡσίοδος εἶπε ποιήσας

οἶκον μὲν πρώτιστα γυναῖκά τε βοῦν τ' ἀροτῆρα· ὁ γὰρ βοῦς ἀντ' οἰκέτου τοῖς πένησίν ἐστιν. ἡ μὲν οὖν εἰς πᾶσαν ἡμέραν συνεστηκυῖα κοινωνία κατὰ φύσιν οἶκός ἐστιν, οὓς Χαρώνδας μὲν καλεῖ ὁμοσιπύους, Ἐπιμενίδης δὲ ὁ Κρὴς ὁμοκάπους.[2]

15 Ἡ δ' ἐκ πλειόνων οἰκιῶν κοινωνία πρώτη χρήσεως ἕνεκεν 7
μὴ ἐφημέρου κώμη. μάλιστα δὲ κατὰ φύσιν ἔοικεν ἡ κώμη ἀποικίᾳ[3] οἰκίας εἶναι, οὓς καλοῦσί τινες ὁμογάλακτας [παῖδάς τε καὶ παίδων παῖδας].[4] διὸ καὶ τὸ πρῶτον ἐβασιλεύοντο αἱ πόλεις καὶ νῦν ἔτι τὰ ἔθνη· ἐκ βασιλευομένων

purpose; for so each tool will be turned out in the finest perfection, if it serves not many uses but one). Yet among barbarians the female and the slave have the same rank; and the cause of this is that barbarians have no class of natural rulers, but with them the conjugal partnership is a partnership of female slave and male slave. Hence the saying of the poets—

'Tis meet that Greeks should rule barbarians,[a]—

6 implying that barbarian and slave are the same in nature. From these two partnerships then is first composed the household, and Hesiod[b] was right when he wrote:

First and foremost a house and a wife and an ox for the ploughing—

for the ox serves instead of a servant for the poor. The partnership therefore that comes about in the course of nature for everyday purposes is the 'house,' the persons whom Charondas[c] speaks of as 'meal-tub-fellows' and the Cretan Epimenides[d] as 'manger-fellows.'[e]

7 On the other hand the primary partnership made up of several households for the satisfaction of not mere daily needs is the village. The village according to the most natural account seems to be a colony from[f] a household, formed of those whom some people speak of as 'fellow-nurslings,' sons and sons' sons.[g] It is owing to this that our cities were at first under royal sway and that foreign races are so still, because they were made up of parts that were

Related families formed a Village.

1252 b γὰρ συνῆλθον, πᾶσα γὰρ οἰκία βασιλεύεται ὑπὸ τοῦ πρεσβυτάτου, ὥστε καὶ αἱ ἀποικίαι διὰ τὴν συγγένειαν. καὶ τοῦτ' ἐστὶν ὃ λέγει Ὅμηρος,

θεμιστεύει δὲ ἕκαστος

παίδων ἠδ' ἀλόχων·

25 σποράδες γάρ· καὶ οὕτω τὸ ἀρχαῖον ᾤκουν. καὶ τοὺς θεοὺς δὲ διὰ τοῦτο πάντες φασὶ βασιλεύεσθαι, ὅτι καὶ αὐτοὶ οἱ μὲν ἔτι καὶ νῦν οἱ δὲ τὸ ἀρχαῖον ἐβασιλεύοντο· ὥσπερ δὲ καὶ τὰ εἴδη ἑαυτοῖς ἀφομοιοῦσιν οἱ ἄνθρωποι, οὕτω καὶ τοὺς βίους τῶν θεῶν.

Ἡ δ' ἐκ πλειόνων κωμῶν κοινωνία τέλειος πόλις, ἤδη 5

30 πάσης ἔχουσα πέρας τῆς αὐταρκείας ὡς ἔπος εἰπεῖν, γινομένη[1] μὲν οὖν τοῦ ζῆν ἕνεκεν, οὖσα δὲ τοῦ εὖ ζῆν. διὸ πᾶσα πόλις φύσει ἐστίν, εἴπερ καὶ αἱ πρῶται κοινωνίαι· τέλος γὰρ αὕτη ἐκείνων, ἡ δὲ φύσις τέλος ἐστίν, οἷον γὰρ ἕκαστόν ἐστι τῆς γενέσεως τελεσθείσης, ταύτην φαμὲν τὴν φύσιν εἶναι ἑκάστου,

1253 a ὥσπερ ἀνθρώπου, ἵππου, οἰκίας. ἔτι τὸ οὗ ἕνεκα καὶ τὸ τέλος βέλτιστον· ἡ δ' αὐτάρκεια τέλος καὶ βέλτιστον. ἐκ τούτων οὖν 9 φανερὸν ὅτι τῶν φύσει ἡ πόλις ἐστί, καὶ ὅτι ὁ ἄνθρωπος φύσει πολιτικὸν ζῷον, καὶ ὁ ἄπολις διὰ φύσιν καὶ οὐ διὰ τύχην ἤτοι

5 φαῦλός ἐστιν ἢ κρείττων ἢ ἄνθρωπος (ὥσπερ καὶ ὁ ὑφ' Ὁμήρου λοιδορηθεὶς

ἀφρήτωρ, ἀθέμιστος, ἀνέστιος,

- Self-sufficiency the goal of a state.
- State made for life, it exists for the good life
- Man by nature a political animal

under royal rule; for every household is under the royal rule of its eldest member, so that the colonies from the household were so too, because of the kinship of their members. And this is what Homer[a] means:

And each one giveth law

To sons and eke to spouses—

for his Cyclopes live in scattered families; and that is the way in which people used to live in early times. Also this explains why all races speak of the gods as ruled by a king, because they themselves too are some of them actually now so ruled and in other cases used to be of old; and as men imagine the gods in human form, so also they suppose their manner of life to be like their own.[b]

5 The partnership finally composed of several villages is the city-state; it has at last attained the limit of virtually complete self-sufficiency, and thus, while it comes into existence for the sake of life, it exists for the good life. Hence every city-state exists by nature, inasmuch as the first partnerships so exist; for the city-state is the end of the other partnerships, and nature is an end, since that which each thing is when its growth is completed we speak of as being the nature of each thing, for instance of a man, a horse, a household. Again, the object for which a thing exists, its end, is its 9 chief good; and self-sufficiency is an end, and a chief good. From these things therefore it is clear that the city-state is a natural growth, and that man is by nature a political animal, and a man that is by nature and not merely by fortune citiless is either low in the scale of humanity or above it (like the 'clanless, lawless, hearthless' man reviled by Homer,[c] for he is by nature citiless

Neighbouring villages formed a City-state, for the good life.

οικαιου κρισις.

1253 b II. Ἐπεὶ δὲ φανερὸν ἐξ ὧν μορίων ἡ πόλις συνέστηκεν, 1
ἀναγκαῖον πρῶτον περὶ οἰκονομίας εἰπεῖν· πᾶσα γὰρ σύγκειται
πόλις ἐξ οἰκιῶν. οἰκονομίας δὲ μέρη ἐξ ὧν πάλιν οἰκία
συνέστηκεν· οἰκία δὲ τέλειος ἐκ δούλων καὶ ἐλευθέρων. ἐπεὶ δ' ἐν
τοῖς ἐλαχίστοις πρῶτον ἕκαστον ζητητέον, πρῶτα δὲ καὶ
ἐλάχιστα μέρη οἰκίας δεσπότης καὶ δοῦλος, καὶ πόσις καὶ
ἄλοχος, καὶ πατὴρ καὶ τέκνα, περὶ τριῶν ἂν τούτων σκεπτέον
εἴη τί ἕκαστον καὶ ποῖον δεῖ εἶναι, ταῦτα δ' ἐστὶ δεσποτικὴ καὶ
γαμική 2

devoid of virtue man is the most unscrupulous and savage of animals, and the worst in regard to sexual indulgence and gluttony. Justice on the other hand is an element of the state; for judicial procedure, which means the decision of what is just, is the regulation of the political partnership.

The head of the Family as master, husband, and father.

1 II. And now that it is clear what are the component parts of the state, we have first of all to discuss household management; for every state is composed of households. Household management falls into departments corresponding to the parts of which the household in its turn is composed; and the household in its perfect form consists of slaves and freemen. The investigation of everything should begin with its smallest parts, and the primary and smallest parts of the household are master and slave, husband and wife, father and children: we ought therefore to examine the 2 proper constitution and character of each of these three relationships, I mean that of mastership, that of marriage[a] (there is no exact

- State made of households, so we must discuss household management (economics)
- Three minimum pairs:
  1. Master and slave=>mastership
  2. Husband and wife=>relationship of marriage
  3. Father and children=>progenitive

1253 b 10 (ἀνώνυμον γὰρ ἡ γυναικὸς καὶ ἀνδρὸς σύζευξις) καὶ τρίτον τεκνοποιητικὴ[1] (καὶ γὰρ αὕτη οὐκ ὠνόμασται ἰδίῳ ὀνόματι)· ἔστωσαν δὴ[2] αὗται τρεῖς ἃς εἴπομεν. ἔστι δέ τι[3] μέρος ὃ δοκεῖ τοῖς μὲν εἶναι οἰκονομία τοῖς δὲ μέγιστον μέρος αὐτῆς, ὅπως δ' ἔχει, θεωρητέον· λέγω δὲ περὶ τῆς καλουμένης χρηματιστικῆς.

15 Πρῶτον δὲ περὶ δεσπότου καὶ δούλου εἴπωμεν, ἵνα τά τε πρὸς τὴν ἀναγκαίαν χρείαν ἴδωμεν, κἂν εἴ τι πρὸς τὸ εἰδέναι περὶ αὐτῶν δυναίμεθα λαβεῖν βέλτιον τῶν νῦν ὑπολαμβανομένων. τοῖς μὲν γὰρ δοκεῖ ἐπιστήμη τέ τις εἶναι ἡ 3

20 δεσποτεία, καὶ ἡ αὐτὴ οἰκονομία καὶ δεσποτεία καὶ πολιτικὴ καὶ βασιλική, καθάπερ εἴπομεν ἀρχόμενοι· τοῖς δὲ παρὰ φύσιν τὸ δεσπόζειν, νόμῳ γὰρ τὸν μὲν δοῦλον εἶναι τὸν δ' ἐλεύθερον, φύσει δ' οὐθὲν διαφέρειν, διόπερ οὐδὲ δίκαιον, βίαιον γάρ.

Ἐπεὶ οὖν ἡ κτῆσις μέρος τῆς οἰκίας ἐστὶ καὶ ἡ κτητικὴ

25 μέρος τῆς οἰκονομίας[4] (ἄνευ γὰρ τῶν ἀναγκαίων ἀδύνατον καὶ ζῆν καὶ εὖ ζῆν[5]), ὥσπερ δὲ[6] ταῖς ὡρισμέναις τέχναις ἀναγκαῖον 4 ἂν εἴη ὑπάρχειν τὰ οἰκεῖα ὄργανα εἰ μέλλει ἀποτελεσθήσεσθαι τὸ ἔργον, οὕτω καὶ τῷ οἰκονομικῷ, τῶν δ' ὀργάνων τὰ μὲν ἄψυχα τὰ δ' ἔμψυχα (οἷον

Is mastership a science, or is slavery contrary to nature?
We must discuss the nature of tools. Some tools are inanimate, other have soul

term denoting the relation uniting wife and husband), and thirdly the progenitive relationship (this too has not been designated by a special name). Let us then accept these three relationships that we have mentioned. There is also a department which some people consider the same as household management and others the most important part of it, and the true position of which we shall have to consider: I mean what is called the art of getting wealth.[a]

and as man of business.

Let us begin by discussing the relation of master and slave, in order to observe the facts that have a bearing on practical utility, and also in the hope that we may be able to obtain something better than the notions at present entertained, with a view to a 3 theoretic knowledge of the subject. For some thinkers hold the function of the master to be a definite science, and moreover think that household management, mastership, statesmanship and monarchy are the same thing, as we said at the beginning of the treatise; others however maintain that for one man to be another man's master is contrary to nature, because it is only convention that makes the one a slave and the other a freeman and there is no difference between them by nature, and that therefore it is unjust, for it is based on force.

Mastership and Slavery.

Various theories.

Since therefore property is a part of a household and the art of acquiring property a part of household management (for without 4 the necessaries even life, as well as the good life,[b] is impossible), and since, just as for the definite arts it would be necessary for the proper tools to be forthcoming if their work is to be accomplished, so also the manager of a household must have his tools, and of tools some are lifeless and

The slave a live tool for service (not for production).

1253 b 30 τῷ κυβερνήτῃ ὁ μὲν οἷαξ ἄψυχον ὁ δὲ πρωρεὺς ἔμψυχον, ὁ γὰρ
ὑπηρέτης ἐν ὀργάνου εἴδει ταῖς τέχναις ἐστίν), οὕτω καὶ τὸ
κτῆμα ὄργανον πρὸς ζωήν ἐστι, καὶ ἡ κτῆσις πλῆθος ὀργάνων
ἐστί, καὶ ὁ δοῦλος κτῆμά τι ἔμψυχον. καὶ ὥσπερ ὄργανον πρὸ
ὀργάνων πᾶς ὑπηρέτης· εἰ γὰρ ἠδύνατο ἕκαστον τῶν ὀργάνων
35 κελευσθὲν ἢ προαισθανόμενον ἀποτελεῖν τὸ αὑτοῦ ἔργον,
ὥσπερ τὰ Δαιδάλου φασὶν ἢ τοὺς τοῦ Ἡφαίστου τρίποδας, οὓς
φησιν ὁ ποιητὴς αὐτομάτους θεῖον δύεσθαι ἀγῶνα, οὕτως αἱ
κερκίδες ἐκέρκιζον αὐταὶ καὶ τὰ πλῆκτρα ἐκιθάριζεν, οὐδὲν ἂν
1254 a ἔδει οὔτε τοῖς ἀρχιτέκτοσιν ὑπηρετῶν οὔτε τοῖς δεσπόταις
δούλων. τὰ μὲν οὖν λεγόμενα ὄργανα ποιητικὰ ὀργανά ἐστι, τὸ
δὲ κτῆμα πρακτικόν· ἀπὸ μὲν γὰρ τῆς κερκίδος ἕτερόν τι γίνεται
5 παρὰ τὴν χρῆσιν αὐτῆς, ἀπὸ δὲ τῆς ἐσθῆτος καὶ τῆς κλίνης ἡ
χρῆσις μόνον. ἔτι δ' ἐπεὶ διαφέρει ἡ ποίησις εἴδει καὶ ἡ πρᾶξις,
δέονται δ' ἀμφότεραι ὀργάνων, ἀνάγκη καὶ ταῦτα τὴν αὐτὴν
ἔχειν διαφοράν. ὁ δὲ βίος πρᾶξις, οὐ ποίησίς ἐστιν· διὸ καὶ ὁ
δοῦλος ὑπηρέτης[1] τῶν πρὸς τὴν πρᾶξιν.

10 Τὸ δὲ κτῆμα λέγεται ὥσπερ καὶ τὸ μόριον· τὸ[2] γὰρ μόριον οὐ
μόνον ἄλλου ἐστὶ μόριον, ἀλλὰ καὶ ἁπλῶς[3] ἄλλου, ὁμοίως δὲ
καὶ τὸ κτῆμα. διὸ ὁ μὲν δεσπότης τοῦ δούλου δεσπότης μόνον,

If we had "robots" we would not need slaves
Poiesis (production) vs. *Praxis* (action)

others living (for example, for a helmsman the rudder is a lifeless tool and the look-out man a live tool—for an assistant in the arts belongs to the class of tools), so also an article of property is a tool for the purpose of life, and property generally is a collection of
5 tools, and a slave is a live article of property. And every assistant is as it were a tool that serves for several tools; for if every tool could perform its own work when ordered, or by seeing what to do in advance, like the statues of Daedalus in the story,[a] or the tripods of Hephaestus which the poet says 'enter self-moved the company divine,'[b]—if thus shuttles wove and quills played harps of themselves, master-craftsmen would have no need of assistants and masters no need of slaves. Now the tools mentioned are instruments of production, whereas an article of property is an
6 instrument of action[c]; for from a shuttle we get something else beside the mere use of the shuttle, but from a garment or a bed we
6 get only their use. And also inasmuch as there is a difference in kind between production and action, and both need tools, it follows that those tools also must possess the same difference. But life is doing things, not making things; hence the slave is an assistant in the class of instruments of action.

And the term 'article of property' is used in the same way as the term 'part': a thing that is a part is not only a part of another thing but absolutely belongs to another thing, and so also does an article of property. Hence whereas the master is merely the slave's master and does not belong to the slave,

belonging wholly to the master.

1254 a ἐκείνου δ' οὐκ ἔστιν· ὁ δὲ δοῦλος οὐ μόνον δεσπότου δοῦλός
ἐστιν, ἀλλὰ καὶ ὅλως ἐκείνου.

15 Τίς μὲν οὖν ἡ φύσις τοῦ δούλου καὶ τίς ἡ δύναμις, ἐκ 7
τούτων δῆλον· ὁ γὰρ μὴ αὑτοῦ φύσει ἀλλ' ἄλλου ἄνθρωπος ὤν,
οὗτος φύσει δοῦλός ἐστιν, ἄλλου δ' ἐστὶν ἄνθρωπος ὃς ἂν
κτῆμα ᾖ ἄνθρωπος ὤν, κτῆμα δὲ ὄργανον πρακτικὸν καὶ
χωριστόν. πότερον δ' ἐστί τις φύσει τοιοῦτος ἢ οὔ, καὶ πότερον
20 βέλτιον καὶ δίκαιόν τινι δουλεύειν ἢ οὔ, ἀλλὰ πᾶσα δουλεία 8
παρὰ φύσιν ἐστί, μετὰ ταῦτα σκεπτέον. οὐ χαλεπὸν δὲ καὶ τῷ
λόγῳ θεωρῆσαι καὶ ἐκ τῶν γινομένων καταμαθεῖν. τὸ γὰρ
ἄρχειν καὶ ἄρχεσθαι οὐ μόνον τῶν ἀναγκαίων ἀλλὰ καὶ τῶν
συμφερόντων ἐστί, καὶ εὐθὺς ἐκ γενετῆς ἔνια διέστηκε τὰ μὲν
25 ἐπὶ τὸ ἄρχεσθαι τὰ δ' ἐπὶ τὸ ἄρχειν. καὶ εἴδη πολλὰ καὶ
ἀρχόντων καὶ ἀρχομένων ἐστίν (καὶ ἀεὶ βελτίων ἡ ἀρχὴ ἡ τῶν
βελτιόνων ἀρχομένων, οἷον ἀνθρώπου ἢ θηρίου, τὸ γὰρ
ἀποτελούμενον ἀπὸ τῶν βελτιόνων βέλτιον ἔργον, ὅπου δὲ τὸ
μὲν ἄρχει τὸ δ' ἄρχεται, ἐστί τι τούτων ἔργον)· ὅσα γὰρ ἐκ 9
30 πλειόνων συνέστηκε καὶ γίνεται ἕν τι κοινόν, εἴτε ἐκ συνεχῶν
εἴτ' ἐκ διῃρημένων, ἐν ἅπασιν ἐμφαίνεται τὸ ἄρχον καὶ τὸ
ἀρχόμενον, καὶ τοῦτο ἐκ τῆς ἁπάσης φύσεως ἐνυπάρχει τοῖς
ἐμψύχοις· καὶ γὰρ ἐν τοῖς μὴ μετέχουσι ζωῆς ἐστί

the slave is not merely the slave of the master but wholly belongs to the master.

7 These considerations therefore make clear the nature of the slave and his essential quality: one who is a human being belonging by nature not to himself but to another is by nature a slave, and a person is a human being belonging to another if being a man he is an article of property, and an article of property is an instrument for action separable from its owner. But we must next consider whether or not anyone exists who is by nature of this character, and whether it is advantageous and just for anyone to be 8 a slave, or whether on the contrary all slavery is against nature. And it is not difficult either to discern the answer by theory or to learn it empirically. Authority and subordination are conditions not only inevitable but also expedient; in some cases things are marked out from the moment of birth to rule or to be ruled. And there are many varieties both of rulers and of subjects (and the higher the type of the subjects, the loftier is the nature of the authority exercised over them, for example to control a human being is a higher thing than to tame a wild beast; for the higher the type of the parties to the performance of a function, the higher is the function, and when one party rules and another is ruled, there is a 9 function performed between them)—because in every composite thing, where a plurality of parts, whether continuous or discrete, is combined to make a single common whole, there is always found a ruling and a subject factor, and this characteristic of living things is present in them as an outcome of the whole of nature, since even in things that do not partake of life there

The distinction of ruler and ruled pervades all nature and life.

1254 a τις ἀρχή, οἷον ἁρμονίας.[1] ἀλλὰ ταῦτα μὲν ἴσως ἐξωτερικωτέρας
35 ἐστὶ σκέψεως. τὸ δὲ ζῷον πρῶτον συνέστηκεν ἐκ ψυχῆς καὶ
σώματος, ὧν τὸ μὲν ἄρχον ἐστὶ φύσει τὸ δ' ἀρχόμενον. δεῖ δὲ
σκοπεῖν ἐν τοῖς κατὰ φύσιν ἔχουσι μᾶλλον τὸ φύσει, καὶ μὴ ἐν
τοῖς διεφθαρμένοις. διὸ καὶ τὸν βέλτιστα διακείμενον καὶ κατὰ
σῶμα καὶ κατὰ ψυχὴν ἄνθρωπον θεωρητέον, ἐν ᾧ τοῦτο δῆλον·
1254 b τῶν γὰρ μοχθηρῶν ἢ μοχθηρῶς[2] ἐχόντων δόξειεν ἂν ἄρχειν
πολλάκις τὸ σῶμα τῆς ψυχῆς διὰ τὸ φαύλως καὶ[3] παρὰ φύσιν
ἔχειν. ἔστι δ' οὖν, ὥσπερ λέγομεν, πρῶτον ἐν ζῴῳ θεωρῆσαι
5 καὶ δεσποτικὴν ἀρχὴν καὶ πολιτικήν· ἡ μὲν γὰρ ψυχὴ τοῦ
σώματος ἄρχει δεσποτικὴν ἀρχήν, ὁ δὲ νοῦς τῆς ὀρέξεως
πολιτικὴν καὶ βασιλικήν· ἐν οἷς φανερόν ἐστιν ὅτι κατὰ φύσιν
καὶ[4] συμφέρον τὸ ἄρχεσθαι τῷ σώματι ὑπὸ τῆς ψυχῆς καὶ τῷ
παθητικῷ μορίῳ ὑπὸ τοῦ νοῦ καὶ τοῦ μορίου τοῦ λόγον ἔχοντος,
10 τὸ δ' ἐξ ἴσου ἢ ἀνάπαλιν βλαβερὸν πᾶσιν. πάλιν ἐν ἀνθρώπῳ
καὶ τοῖς ἄλλοις ζῴοις ὡσαύτως· τὰ μὲν γὰρ ἥμερα τῶν ἀγρίων
βελτίω τὴν φύσιν, τούτοις δὲ πᾶσι βέλτιον ἄρχεσθαι ὑπ'
ἀνθρώπου, τυγχάνει γὰρ σωτηρίας οὕτως. ἔτι δὲ τὸ ἄρρεν πρὸς
15 τὸ θῆλυ φύσει τὸ μὲν κρεῖττον τὸ δὲ χεῖρον, τὸ μὲν ἄρχον τὸ δ'
ἀρχόμενον. τὸν αὐτὸν δὲ τρόπον ἀναγκαῖον εἶναι καὶ ἐπὶ πάντων
ἀνθρώπων· ὅσοι μὲν οὖν τοσοῦτον διεστᾶσιν ὅσον ψυχὴ
σώματος

is a ruling principle, as in the case of a musical scale.[a] However,
10 this matter perhaps belongs to an investigation lying somewhat
outside our subject. But in the first place an animal consists of soul
and body, of which the former is by nature the ruling and the latter
the subject factor. And to discover what is natural we must study it
preferably in things that are in a natural state, and not in
specimens that are degenerate. Hence in studying man we must
consider a man that is in the best possible condition in regard to
11 both body and soul, and in him the principle stated will clearly
appear,—since in those that are bad or in a bad condition it might
be thought that the body often rules the soul because of its vicious
and unnatural condition. But to resume—it is in a living creature,
as we say, that it is first possible to discern the rule both of master
and of statesman: the soul rules the body with the sway of a
12 master, the intelligence the appetites with constitutional or royal
rule; and in these examples it is manifest that it is natural and
expedient for the body to be governed by the soul and for the
emotional part to be governed by the intellect, the part possessing
reason, whereas for the two parties to be on an equal footing or in
the contrary positions is harmful in all cases. Again, the same holds
13 good between man and the other animals: tame animals are
superior in their nature to wild animals, yet for all the former it is
advantageous to be ruled by man, since this gives them security.
Also, as between the sexes, the male is by nature superior and the
female inferior, the male ruler and the female subject. And the
same must also necessarily apply in the case of mankind generally;
therefore all men that differ as widely as the soul

1254 b καὶ ἄνθρωπος θηρίου (διάκεινται δὲ τοῦτον τὸν τρόπον ὅσων
ἐστὶν ἔργον ἡ τοῦ σώματος χρῆσις καὶ τοῦτ' ἔστ' ἀπ' αὐτῶν
20 βέλτιστον), οὗτοι μέν εἰσι φύσει δοῦλοι, οἷς βέλτιόν ἐστιν
ἄρχεσθαι ταύτην τὴν ἀρχήν, εἴπερ καὶ τοῖς εἰρημένοις. ἔστι γὰρ
φύσει δοῦλος ὁ δυνάμενος ἄλλου εἶναι (διὸ καὶ ἄλλου ἐστίν) καὶ
ὁ κοινωνῶν λόγου τοσοῦτον ὅσον αἰσθάνεσθαι ἀλλὰ μὴ ἔχειν·
τὰ γὰρ ἄλλα ζῷα οὐ λόγῳ αἰσθανόμενα[1] ἀλλὰ παθήμασιν
25 ὑπηρετεῖ. καὶ ἡ χρεία δὲ παραλλάττει μικρόν· ἡ γὰρ πρὸς 14
τἀναγκαῖα τῷ σώματι βοήθεια γίνεται παρ' ἀμφοῖν, παρά τε
τῶν δούλων καὶ παρὰ τῶν ἡμέρων ζῴων. βούλεται μὲν οὖν ἡ
φύσις καὶ τὰ σώματα διαφέροντα ποιεῖν τὰ τῶν ἐλευθέρων καὶ
30 τῶν δούλων, τὰ μὲν ἰσχυρὰ πρὸς τὴν ἀναγκαίαν χρῆσιν, τὰ δ'
ὀρθὰ καὶ ἄχρηστα πρὸς τὰς τοιαύτας ἐργασίας, ἀλλὰ χρήσιμα
πρὸς πολιτικὸν βίον (οὗτος δὲ καὶ γίνεται διῃρημένος εἴς τε τὴν
πολεμικὴν χρείαν καὶ τὴν εἰρηνικήν), συμβαίνει δὲ πολλάκις
καὶ τοὐναντίον, τοὺς μὲν τὰ σώματ' ἔχειν ἐλευθέρων τοὺς δὲ τὰς
35 ψυχὰς μόνον[2]· ἐπεὶ τοῦτό γε φανερόν, ὡς εἰ τοσοῦτον γένοιντο 15
διάφοροι τὸ σῶμα ὅσον αἱ τῶν θεῶν εἰκόνες, τοὺς
ὑπολειπομένους πάντες φαῖεν ἂν ἀξίους εἶναι τούτοις δουλεύειν.
εἰ δ' ἐπὶ τοῦ σώματος τοῦτ' ἀληθές, πολὺ δικαιότερον ἐπὶ τῆς
ψυχῆς τοῦτο διωρίσθαι· ἀλλ' οὐχ ὁμοίως ῥᾴδιον ἰδεῖν τό τε τῆς
1255 a ψυχῆς κάλλος καὶ τὸ τοῦ σώματος. ὅτι μὲν τοίνυν εἰσὶ φύσει
τινὲς

does from the body and the human being from the lower animal (and this is the condition of those whose function is the use of the body and from whom this is the best that is forthcoming)—these are by nature slaves, for whom to be governed by this kind of authority is advantageous, inasmuch as it is advantageous to the subject things already mentioned. For he is by nature a slave who is capable of belonging to another (and that is why he does so belong), and who participates in reason so far as to apprehend it but not to possess it; for the animals other than man are
14 subservient not to reason, by apprehending it, but to feelings. And also the usefulness of slaves diverges little from that of animals; bodily service for the necessities of life is forthcoming from both, from slaves and from domestic animals alike. The intention of nature therefore is to make the bodies also of freemen and of slaves different—the latter strong for necessary service, the former erect and unserviceable for such occupations, but serviceable for a life of citizenship (and that again divides into the employments of war and those of peace); though as a matter of fact often the very opposite comes about—slaves have the bodies of freemen and
15 freemen the souls only; since this is certainly clear, that if freemen were born as distinguished in body as are the statues of the gods, everyone would say that those who were inferior deserved to be these men's slaves; and if this is true in the case of the body, there is far juster reason for this rule being laid down in the case of the soul, but beauty of soul is not so easy to see as beauty of body. It is manifest therefore that there are cases of people of whom some are

Some men fitted by mind and body for slavery,

although because misfits do occur its justice is criticized.

1255 b 5 καὶ οὐκ εἰσί τινες[1] οἱ μὲν φύσει δοῦλοι οἱ δ' ἐλεύθεροι, δῆλον· καὶ ὅτι ἔν τισι διώρισται τὸ τοιοῦτον, ὧν συμφέρει τῷ μὲν τὸ δουλεύειν τῷ δὲ τὸ δεσπόζειν, καὶ δίκαιον καὶ δεῖ τὸ μὲν ἄρχεσθαι τὸ δ' ἄρχειν ἣν πεφύκασιν ἀρχὴν ἄρχειν, ὥστε καὶ δεσπόζειν τὸ δὲ κακῶς ἀσυμφόρως ἐστὶν ἀμφοῖν (τὸ γὰρ αὐτὸ συμφέρει τῷ μέρει καὶ τῷ ὅλῳ καὶ σώματι καὶ ψυχῇ, ὁ δὲ δοῦλος μέρος τι τοῦ δεσπότου, οἷον ἔμψυχόν τι τοῦ σώματος κεχωρισμένον δὲ μέρος· διὸ καὶ συμφέρον ἐστί τι καὶ φιλία δούλῳ καὶ δεσπότῃ πρὸς ἀλλήλους τοῖς φύσει τούτων ἠξιωμένοις, τοῖς δὲ μὴ τοῦτον τὸν τρόπον ἀλλὰ κατὰ νόμον καὶ βιασθεῖσι τοὐναντίον).

Φανερὸν δὲ καὶ ἐκ τούτων ὅτι οὐ ταὐτόν ἐστι δεσποτεία καὶ πολιτικὴ οὐδὲ πᾶσαι ἀλλήλαις αἱ ἀρχαί, ὥσπερ τινές φασιν. ἡ μὲν γὰρ ἐλευθέρων φύσει ἡ δὲ δούλων ἐστίν, καὶ ἡ μὲν οἰκονομικὴ μοναρχία (μοναρχεῖται γὰρ πᾶς οἶκος), ἡ δὲ πολιτικὴ ἐλευθέρων καὶ ἴσων ἀρχή. ὁ μὲν οὖν δεσπότης οὐ λέγεται κατ' ἐπιστήμην ἀλλὰ τῷ τοιόσδ' εἶναι, ὁμοίως δὲ καὶ ὁ δοῦλος καὶ ὁ ἐλεύθερος. ἐπιστήμη δ' ἂν εἴη καὶ δεσποτικὴ καὶ δουλική,

this dispute, and that in some instances it is not the case that one 20 set are slaves and the other freemen by nature; and also that in some instances such a distinction does exist, when slavery for the one and mastership for the other are advantageous, and it is just and proper for the one party to be governed and for the other to govern by the form of government for which they are by nature fitted, and therefore by the exercise of mastership, while to govern badly is to govern disadvantageously for both parties (for the same thing is advantageous for a part and for the whole body or the whole soul, and the slave is a part of the master—he is, as it were, 21 a part of the body, alive but yet separated from it; hence there is a certain community of interest and friendship between slave and master in cases when they have been qualified by nature for those positions, although when they do not hold them in that way but by law and by constraint of force the opposite is the case).

Recapitulation.

And even from these considerations it is clear that the authority of a master over slaves is not the same as the authority of a magistrate in a republic, nor are all forms of government the same, as some assert. Republican government controls men who are by nature free, the master's authority men who are by nature slaves; and the government of a household is monarchy (since every house is governed by a single ruler), whereas statesmanship 22 is the government of men free and equal. The term 'master' therefore denotes the possession not of a certain branch of knowledge but of a certain character, and similarly also the terms 'slave' and 'freeman.' Yet there might be a science of mastership and a slave's science—the latter being the sort of knowledge that

Mastership distinguished from government of free men, supervision of slaves' tasks, and acquisition of slaves.

1255 b 25 δουλικὴ μὲν οἵαν περ ὁ ἐν Συρακούσαις ἐπαίδευεν (ἐκεῖ γὰρ
λαμβάνων τις μισθὸν ἐδίδασκε τὰ ἐγκύκλια διακονήματα τοὺς
παῖδας)· εἴη δ' ἂν καὶ ἐπὶ πλεῖον τῶν τοιούτων μάθησις, οἷον
ὀψοποικὴ καὶ τἆλλα τὰ τοιαῦτα γένη τῆς διακονίας· ἔστι γὰρ
ἕτερα ἑτέρων τὰ μὲν ἐντιμότερα ἔργα τὰ δ' ἀναγκαιότερα, καὶ
κατὰ τὴν παροιμίαν
30 δοῦλος πρὸ δούλου, δεσπότης πρὸ δεσπότου.
αἱ μὲν οὖν τοιαῦται πᾶσαι δουλικαὶ ἐπιστῆμαί εἰσι, δεσποτικὴ 23
δ' ἐπιστήμη ἐστὶν ἡ χρηστικὴ δούλων· ὁ γὰρ δεσπότης οὐκ ἐν
τῷ κτᾶσθαι τοὺς δούλους, ἀλλ' ἐν τῷ χρῆσθαι δούλοις. ἔστι δ'
αὕτη ἡ ἐπιστήμη οὐδὲν μέγα ἔχουσα οὐδὲ σεμνόν· ἃ γὰρ τὸν
35 δοῦλον ἐπίστασθαι δεῖ ποιεῖν, ἐκεῖνον δεῖ ταῦτα ἐπίστασθαι
ἐπιτάττειν. διὸ ὅσοις ἐξουσία μὴ αὐτοὺς κακοπαθεῖν, ἐπίτροπος
λαμβάνει ταύτην τὴν τιμήν, αὐτοὶ δὲ πολιτεύονται ἢ
φιλοσοφοῦσιν. ἡ δὲ κτητικὴ ἑτέρα ἀμφοτέρων τούτων ἡ δικαία,
οἷον[1] πολεμική τις οὖσα ἢ θηρευτική. περὶ μὲν οὖν δούλου καὶ
40 δεσπότου τοῦτον διωρίσθω τὸν τρόπον.
1256 a III. Ὅλως δὲ περὶ πάσης κτήσεως καὶ χρηματιστικῆς 1
θεωρήσωμεν κατὰ τὸν ὑφηγημένον τρόπον, ἐπείπερ καὶ ὁ
δοῦλος τῆς κτήσεως μέρος τι ἦν. πρῶτον μὲν οὖν ἀπορήσειεν ἄν
5 τις πότερον ἡ χρηματιστικὴ ἡ αὐτὴ τῇ οἰκονομικῇ ἐστὶν ἢ
μέρος τι ἢ ὑπηρετική, καὶ εἰ ὑπηρετική, πότερον

The art of mastering slaves is one of no particular importance or dignity

Is the art of getting wealth the same as household management?

used to be imparted by the professor at Syracuse (for there used to be a man there who for a fee gave lessons to servants in their ordinary duties); and indeed there might be more advanced scientific study of such matters, for instance a science of cookery and the other such kinds of domestic service—for different servants have different functions, some more honourable and some more menial, and as the proverb says,

Slave before slave and master before master.[a]

23 The slave's sciences then are all the various branches of domestic work; the master's science is the science of employing slaves—for the master's function consists not in acquiring slaves but in employing them. This science however is one of no particular importance or dignity: the master must know how to direct the tasks which the slave must know how to execute. Therefore all people rich enough to be able to avoid personal trouble have a steward who takes this office, while they themselves engage in politics or philosophy. The science of acquiring slaves is different both from their ownership and their direction—that is, the just acquiring of slaves, being like a sort of warfare or hunting. Let this then stand as our definition of slave and master.

Business, or the supply of goods: its relation to household management.

1 III. But let us follow our normal method and investigate generally the nature of all kinds of property and the art of getting wealth, inasmuch as we saw the slave to be one division of property. In the first place therefore one might raise the question whether the art of getting wealth is the same as that of household management, or a part of it, or subsidiary to it; and if subsidiary, whether it is so in the sense in which

chrematistics vs *economics*

1256 a ὡς ἡ κερκιδοποικὴ τῇ ὑφαντικῇ ἢ ὡς ἡ χαλκουργικὴ τῇ ἀνδριαντοποιίᾳ (οὐ γὰρ ὡσαύτως ὑπηρετοῦσιν, ἀλλ᾽ ἡ μὲν ὄργανα παρέχει, ἡ δὲ τὴν ὕλην· λέγω δὲ ὕλην τὸ ὑποκείμενον ἐξ
10 οὗ τι ἀποτελεῖται ἔργον, οἷον ὑφάντῃ μὲν ἔρια, ἀνδριαντοποιῷ δὲ χαλκόν).

Ὅτι μὲν οὖν οὐχ ἡ αὐτὴ ἡ οἰκονομικὴ τῇ χρηματιστικῇ, 2
δῆλον, τῆς μὲν γὰρ τὸ πορίσασθαι, τῆς δὲ τὸ χρήσασθαι—τίς γὰρ ἔσται ἡ χρησομένη τοῖς κατὰ τὴν οἰκίαν παρὰ τὴν οἰκονομικήν; πότερον δὲ μέρος αὐτῆς ἐστί τι ἢ ἕτερον εἶδος, ἔχει
15 διαμφισβήτησιν. εἰ γάρ ἐστι τοῦ χρηματιστικοῦ θεωρῆσαι πόθεν χρήματα καὶ κτῆσις ἔσται, ...[1] ἡ δὲ κτῆσις πολλὰ περιείληφε μέρη καὶ ὁ πλοῦτος, ὥστε πρῶτον ἡ γεωργικὴ πότερον μέρος τι τῆς οἰκονομικῆς[2] ἢ ἕτερόν τι γένος; καὶ καθόλου ἡ περὶ τὴν τροφὴν ἐπιμέλεια καὶ κτῆσις.

20 Ἀλλὰ μὴν εἴδη γε πολλὰ τροφῆς, διὸ καὶ βίοι πολλοὶ καὶ 3
τῶν ζῴων καὶ τῶν ἀνθρώπων εἰσίν· οὐ γὰρ οἷόν τε ζῆν ἄνευ τροφῆς, ὥστε αἱ διαφοραὶ τῆς τροφῆς τοὺς βίους πεποιήκασι διαφέροντας τῶν ζῴων. τῶν τε γὰρ θηρίων τὰ μὲν ἀγελαῖα τὰ δὲ
25 σποραδικά ἐστιν, ὁποτέρως συμφέρει πρὸς τὴν τροφὴν αὐτοῖς διὰ τὸ τὰ μὲν ζωοφάγα τὰ δὲ καρποφάγα τὰ δὲ παμφάγα αὐτῶν εἶναι· ὥστε

Wealth-getting is not economics, but is it part of economics or a different science? But acquisition of goods is of many kinds. Farming part of economics

the art of making shuttles is subsidiary to the art of weaving or in that in which the art of casting bronze is subsidiary to the making of statues (for the two are not subsidiary in the same way, but shuttle-making supplies tools whereas bronze-founding supplies material—and by material I mean the substance out of which certain work is produced, for example fleeces are material for a weaver and bronze for a statuary).

2 Now it is clear that wealth-getting is not the same art as household management, for the function of the former is to provide and that of the latter to use—for what will be the art that will use the contents of the house if not the art of household management? but whether wealth-getting is a part of the art of household management, or a different sort of science, is open to debate. For if it is the function of the getter of wealth to study the source from which money and property are to be procured, ...[a] But property and riches comprise many divisions; hence first of all is husbandry a division of the household art, or is it a different kind of science? and so in general of the superintendence and acquisition of articles of food.

Husbandry

3 But furthermore, there are many sorts of food, owing to which both animals and men have many modes of life; for it is impossible to live without food, so that the differences of food have made the lives of animals different. Among wild animals some are nomadic and others solitary, according to whichever habit is advantageous for their supply of food, because some of them are carnivorous, others graminivorous, and others eat all kinds of food; so that nature has differentiated

Food is provided by nature:

1256 a πρὸς τὰς ῥᾳστώνας καὶ τὴν αἵρεσιν τὴν τούτων ἡ φύσις τοὺς
βίους αὐτῶν διώρισεν. ἐπεὶ δ' οὐ ταὐτὸ ἑκάστῳ ἡδὺ κατὰ φύσιν
ἀλλ' ἕτερα ἑτέροις, καὶ αὐτῶν τῶν ζωοφάγων καὶ τῶν
30 καρποφάγων οἱ βίοι πρὸς ἄλληλα διεστᾶσιν. ὁμοίως δὲ καὶ 4
τῶν ἀνθρώπων, πολὺ γὰρ διαφέρουσιν οἱ τούτων βίοι. οἱ μὲν
οὖν ἀργότατοι νομάδες εἰσίν (ἡ γὰρ ἀπὸ τῶν ἡμέρων τροφὴ
ζῴων ἄνευ πόνου γίνεται σχολάζουσιν, ἀναγκαίου δ' ὄντος
μεταβάλλειν τοῖς κτήνεσι διὰ τὰς νομὰς καὶ αὐτοὶ
35 ἀναγκάζονται συνακολουθεῖν, ὥσπερ γεωργίαν ζῶσαν
γεωργοῦντες)· οἱ δ' ἀπὸ θήρας ζῶσι, καὶ θήρας ἕτεροι ἑτέρας,
οἷον οἱ μὲν ἀπὸ λῃστείας, οἱ δ' ἀφ' ἁλιείας ὅσοι λίμνας καὶ ἕλη
καὶ ποταμοὺς ἢ θάλατταν τοιαύτην προσοικοῦσιν, οἱ δ' ἀπ'
ὀρνίθων ἢ θηρίων ἀγρίων· τὸ δὲ πλεῖστον γένος τῶν ἀνθρώπων
40 ἀπὸ τῆς γῆς ζῇ καὶ τῶν ἡμέρων καρπῶν. οἱ μὲν οὖν βίοι 5
τοσοῦτοι σχεδόν εἰσιν, ὅσοι γε αὐτόφυτον ἔχουσι τὴν ἐργασίαν
1256 b καὶ μὴ δι' ἀλλαγῆς καὶ καπηλείας πορίζονται τὴν τροφήν,
νομαδικός γεωργικός λῃστρικός ἁλιευτικός θηρευτικός· οἱ δὲ
καὶ μιγνύντες ἐκ τούτων ἡδέως ζῶσι, προσαναπληροῦντες τὸν
5 ἐνδεέστερον βίον ᾗ τυγχάνει ἐλλείπων πρὸς τὸ αὐτάρκης εἶναι,
οἷον οἱ μὲν νομαδικὸν ἅμα καὶ λῃστρικόν, οἱ δὲ γεωργικὸν καὶ
θηρευτικόν, ὁμοίως δὲ καὶ περὶ τοὺς ἄλλους—ὡς ἂν ἡ χρεία
συναναγκάζῃ, τοῦτον τὸν τρόπον διάγουσιν. ἡ μὲν 6

Different types of economic life: nomadic, farming, brigandage, fishing, hunting and mixing them, not by barter or trade

their modes of life to suit their facilities and their predilection for those articles of food. And as different kinds of animals by nature relish different sorts of food, and not each kind the same, even within the classes of carnivorous and graminivorous animals their 4 modes of life differ from one another. And similarly in the human race also, for there are wide differences of life among mankind. The idlest men are nomads (for to procure food from domesticated animals involves no toil or industry, but as it is necessary for the herds to move from place to place because of the pastures, the people themselves are forced to follow along with them, as though they were farming a live farm). Other men live from hunting, and different people from different kinds of hunting, for instance some from brigandage,[a] others from fishing —these are those that dwell on the banks of lakes, marshes and rivers or of a sea suitable for fishing,—and others live on wild birds 5 and animals. But the largest class of men live from the land and the fruits of cultivation. This then virtually completes the list of the various modes of life, those at least that have their industry sprung from themselves and do not procure their food by barter and trade —the lives of the herdsman, the husbandman, the brigand, the fisherman, the hunter. Others also live pleasantly by combining some of these pursuits, supplementing the more deficient life where it happens to fall short in regard to being self-sufficing: for instance, some combine a pastoral life and brigandage, others husbandry and hunting, and similarly with the others—they pass 6 their time in such a combination of pursuits as their need compels. Property of this sort then seems to be

δεκτέον, ὡς φύσει δίκαιον τοῦτον ὄντα τὸν πόλεμον.

Ἐν μὲν οὖν εἶδος κτητικῆς κατὰ φύσιν τῆς οἰκονομικῆς μέρος ἐστίν, καθὸ δεῖ ἤτοι ὑπάρχειν ἢ πορίζειν αὐτὴν ὅπως ὑπάρχῃ ὧν ἐστὶ θησαυρισμὸς

Ktetike vs *chrematistike*

Acquisition for self-sufficiency and good life has a limit

ARISTOTLE

1256 b 30 χρημάτων πρὸς ζωὴν ἀναγκαίων καὶ χρησίμων εἰς κοινωνίαν πόλεως ἢ οἰκίας. καὶ ἔοικεν ὅ γ' ἀληθινὸς πλοῦτος ἐκ τούτων 9
εἶναι. ἡ γὰρ τῆς τοιαύτης κτήσεως αὐτάρκεια πρὸς ἀγαθὴν ζωὴν οὐκ ἄπειρός ἐστιν, ὥσπερ Σόλων φησὶ ποιήσας

πλούτου δ' οὐθὲν τέρμα πεφασμένον ἀνδράσι κεῖται·

35 κεῖται γὰρ ὥσπερ καὶ ταῖς ἄλλαις τέχναις· οὐδὲν γὰρ ὄργανον ἄπειρον οὐδεμιᾶς ἐστὶ τέχνης οὔτε πλήθει οὔτε μεγέθει, ὁ δὲ πλοῦτος ὀργάνων πλῆθός ἐστιν οἰκονομικῶν καὶ πολιτικῶν. ὅτι μὲν τοίνυν ἔστι τις κτητικὴ κατὰ φύσιν τοῖς οἰκονόμοις καὶ τοῖς πολιτικοῖς, καὶ διὰ ἣν αἰτίαν, δῆλον.

40 Ἔστι δὲ γένος ἄλλο κτητικῆς ἣν μάλιστα καλοῦσι, καὶ 10
1257 a δίκαιον αὐτὸ καλεῖν, χρηματιστικήν, δι' ἣν οὐδὲν δοκεῖ πέρας εἶναι πλούτου καὶ κτήσεως· ἣν ὡς μίαν καὶ τὴν αὐτὴν τῇ λεχθείσῃ πολλοὶ νομίζουσι διὰ τὴν γειτνίασιν· ἔστι δ' οὐτε ἡ

5 αὐτὴ τῇ εἰρημένῃ οὔτε πόρρω ἐκείνης. ἔστι δ' ἡ μὲν φύσει ἡ δ' οὐ φύσει αὐτῶν, ἀλλὰ δι' ἐμπειρίας τινὸς καὶ τέχνης γίνεται μᾶλλον. λάβωμεν δὲ περὶ αὐτῆς τὴν ἀρχὴν ἐντεῦθεν· ἑκάστου γὰρ κτήματος διττὴ ἡ χρῆσίς ἐστιν, ἀμφότεραι δὲ καθ' αὐτὸ 11
μὲν ἀλλ' οὐχ ὁμοίως καθ' αὐτό, ἀλλ' ἡ μὲν οἰκεία ἡ δ' οὐκ οἰκεία τοῦ πράγματος, οἷον ὑποδήματος ἥ

"dual use":
value in use
value in exchange
Wealth-getting has no limit

Hence even the art of war will by nature be in a manner an art of acquisition (for the art of hunting is a part of it) that is properly employed both against wild animals and against such of mankind as though designed by nature for subjection refuse to submit to it, inasmuch as this warfare is by nature just.

One kind of acquisition therefore in the order of nature is a part of the household art,[a] in accordance with which either there must be forthcoming or else that art must procure to be forthcoming a supply

so moderate acquisition of supplies is the business of the householder.

POLITICS, I. III.

of those goods, capable of accumulation, which are necessary for
9 life and useful for the community of city or household. And it is of these goods that riches in the true sense at all events seem to consist. For the amount of such property sufficient in itself for a good life is not unlimited, as Solon[a] says that it is in the verse But of riches no bound has been fixed or revealed to men; for a limit has been fixed, as with the other arts, since no tool belonging to any art is without a limit whether in number or in size, and riches are a collection of tools for the householder and the statesman. Therefore that there is a certain art of acquisition belonging in the order of nature to householders and to statesmen, and for what reason this is so, is clear.

10 But there is another kind of acquisition that is specially called wealth-getting, and that is so called with justice; and to this kind it is due that there is thought to be no limit to riches and property. Owing to its affinity to the art of acquisition of which we spoke, it is supposed by many people to be one and the same as that; and as a matter of fact, while it is not the same as the acquisition spoken of, it is not far removed from it. One of them is natural, the other is not natural, but carried on rather by means of a certain acquired skill or art. We may take our starting-point for its study from the
11 following consideration: with every article of property there is a double way of using it; both uses are related to the article itself, but not related to it in the same manner—one is peculiar to the thing and the other is not peculiar to it. Take for example a shoe—there is its wear as a shoe and there is its use

Trade sprang from barter of household supplies.

ARISTOTLE

1257 a 10 τε ὑπόδεσις καὶ ἡ μεταβλητική· ἀμφότεραι γὰρ ὑποδήματος
χρήσεις, καὶ γὰρ ὁ ἀλλαττόμενος τῷ δεομένῳ ὑποδήματος ἀντὶ
νομίσματος ἢ τροφῆς χρῆται τῷ ὑποδήματι ᾗ ὑπόδημα, ἀλλ' οὐ
τὴν οἰκείαν χρῆσιν, οὐ γὰρ ἀλλαγῆς ἕνεκεν γέγονεν. τὸν αὐτὸν
15 δὲ τρόπον ἔχει καὶ περὶ τῶν ἄλλων κτημάτων· ἔστι γὰρ ἡ
μεταβλητικὴ πάντων, ἀρξαμένη τὸ μὲν πρῶτον ἐκ τοῦ κατὰ
φύσιν, τῷ τὰ μὲν πλείω τὰ δὲ ἐλάττω τῶν ἱκανῶν ἔχειν τοὺς
ἀνθρώπους. ᾗ καὶ δῆλον ὅτι οὐκ ἔστι φύσει τῆς 12
χρηματιστικῆς[1] ἡ καπηλική· ὅσον γὰρ ἱκανὸν αὐτοῖς,
20 ἀναγκαῖον ἦν ποιεῖσθαι τὴν ἀλλαγήν ἐν μὲν οὖν τῇ πρώτῃ
κοινωνίᾳ (τοῦτο δ' ἐστὶν οἰκία) φανερὸν ὅτι οὐδέν ἐστιν ἔργον
αὐτῆς, ἀλλ' ἤδη πλειόνων[2] τῆς κοινωνίας οὔσης. οἱ μὲν γὰρ τῶν
αὐτῶν[3] ἐκοινώνουν πάντων, οἱ δὲ κεχωρισμένοι[4] πολλῶν πάλιν
καὶ ἑτέρων, ὧν κατὰ τὰς δεήσεις ἀναγκαῖον[5] ποιεῖσθαι τὰς
25 μεταδόσεις, καθάπερ ἔτι πολλὰ ποιεῖ καὶ τῶν βαρβαρικῶν
ἐθνῶν, κατὰ τὴν ἀλλαγήν· αὐτὰ γὰρ τὰ χρήσιμα πρὸς αὐτὰ
καταλλάττονται, ἐπὶ πλέον δ' οὐθέν, οἷον οἶνον πρὸς σῖτον
διδόντες καὶ λαμβάνοντες, καὶ τῶν ἄλλων τῶν τοιούτων
ἕκαστον. ἡ μὲν οὖν τοιαύτη μεταβλητικὴ οὔτε παρὰ φύσιν οὔτε 13
30 χρηματιστικῆς ἐστὶν εἶδος οὐδέν, εἰς ἀναπλήρωσιν γὰρ τῆς
κατὰ φύσιν αὐταρκείας ἦν· ἐκ μέντοι ταύτης ἐγένετ' ἐκείνη

Originally trade between people is by nature if it is done to replenish natural self-sufficiency

POLITICS, I. III.

as an article of exchange; for both are ways of using a shoe, inasmuch as even he that barters a shoe for money or food with the customer that wants a shoe uses it as a shoe, though not for the use proper to a shoe, since shoes have not come into existence for the purpose of barter. And the same also holds good about the other articles of property; for all of them have a use in exchange related to them, which began in the first instance from the natural order of things, because men had more than enough of some
12 things and less than enough of others. This consideration also shows that the art of trade is not by nature a part of the art of wealth-getting[a]; for the practice of barter was necessary only so far as to satisfy men's own needs. In the primary association therefore (I mean the household) there is no function for trade, but it only arises after the association has become more numerous. For the members of the primitive household used to share commodities that were all their own, whereas on the contrary a group divided into several households participated also in a number of commodities belonging to their neighbours, according to their needs for which they were forced to make their interchanges by way of barter, as also many barbarian tribes do still; for such tribes do not go beyond exchanging actual commodities for actual commodities, for example giving and taking wine for corn, and so
13 with the various other things of the sort. Exchange on these lines therefore is not contrary to nature, nor is it any branch of the art of wealth-getting, for it existed for the replenishment of natural self-sufficiency; yet out of it the art of business

κατὰ λόγον. ξενικωτέρας γὰρ γενομένης[1] τῆς βοηθείας τῷ
εἰσάγεσθαι ὧν ἐνδεεῖς καὶ ἐκπέμπειν ὧν ἐπλεόναζον, ἐξ
ἀνάγκης ἡ τοῦ νομίσματος ἐπορίσθη χρῆσις. οὐ γὰρ
εὐβάστακτον ἕκαστον τῶν κατὰ φύσιν ἀναγκαίων· διὸ πρὸς τὰς
ἀλλαγὰς τοιοῦτόν τι συνέθεντο πρὸς σφᾶς αὐτοὺς διδόναι καὶ
λαμβάνειν ὃ τῶν χρησίμων αὐτὸ ὂν εἶχε τὴν χρείαν
εὐμεταχείριστον πρὸς τὸ ζῆν, οἷον σίδηρος καὶ ἄργυρος κἂν εἴ
τι τοιοῦτον ἕτερον, τὸ μὲν πρῶτον ἁπλῶς ὁρισθὲν μεγέθει καὶ
σταθμῷ, τὸ δὲ τελευταῖον καὶ χαρακτῆρα ἐπιβαλλόντων ἵνα
ἀπολύσῃ τῆς μετρήσεως αὐτούς· ὁ γὰρ χαρακτὴρ ἐτέθη τοῦ
ποσοῦ σημεῖον. ὁρισθέντος οὖν ἤδη νομίσματος ἐκ τῆς
ἀναγκαίας ἀλλαγῆς θάτερον εἶδος τῆς χρηματιστικῆς ἐγένετο,
τὸ καπηλικόν, τὸ μὲν πρῶτον ἁπλῶς ἴσως γινόμενον, εἶτα δι'
ἐμπειρίας ἤδη τεχνικώτερον, πόθεν καὶ πῶς μεταβαλλόμενον
πλεῖστον ποιήσει κέρδος. διὸ δοκεῖ ἡ χρηματιστικὴ μάλιστα
περὶ τὸ νόμισμα εἶναι, καὶ ἔργον αὐτῆς τὸ δύνασθαι θεωρῆσαι
πόθεν ἔσται πλῆθος,[2] ποιητικὴ γὰρ[3] εἶναι πλούτου[4] καὶ
χρημάτων· καὶ γὰρ τὸν πλοῦτον πολλάκις τιθέασι νομίσματος
πλῆθος, διὰ τὸ περὶ τοῦτ' εἶναι τὴν χρηματιστικὴν καὶ τὴν
καπηλικήν. ὁτὲ δὲ πάλιν λῆρος εἶναι δοκεῖ τὸ νόμισμα, καὶ
νόμος παντάπασι φύσει δ' οὐθέν, ὅτι μεταθεμένων τε τῶν
χρωμένων οὐθενὸς ἄξιον, οὔτε χρήσιμον πρὸς οὐδὲν τῶν

Creation of money. Readily portable. Metals. Size and weight, then stamp. Initially currency in simple form. Chrematistics related to money. At times money is a convention.

in due course arose. For when they had come to supply themselves more from abroad by importing things in which they were deficient and exporting those of which they had a surplus, the employment of money necessarily came to be devised. For the
14 natural necessaries are not in every case readily portable; hence for the purpose of barter men made a mutual compact to give and accept some substance of such a sort as being itself a useful commodity was easy to handle in use for general life, iron for instance, silver and other metals, at the first stage defined merely by size and weight, but finally also by impressing on it a stamp in
15 order that this might relieve them of having to measure it; for the stamp was put on as a token of the amount. So when currency had been now invented as an outcome of the necessary interchange of goods, there came into existence the other form of wealth-getting, trade, which at first no doubt went on in a simple form, but later became more highly organized as experience discovered the sources and methods of exchange that would cause most profit. Hence arises the idea that the art of wealth-getting deals specially with money, and that its function is to be able to discern from what source a large supply can be procured, as this art is supposed to be
16 creative of wealth and riches; indeed wealth is often assumed to consist of a quantity of money, because money is the thing with which business and trade are employed. But at other times, on the contrary, it is thought that money is nonsense, and entirely a convention but by nature nothing, because when those who use it have changed the currency it is worth nothing, and because it is of no use for any of the necessary needs of life

Money, invented to facilitate exchange originated Commerce

Natural wealth limited to needs o the good life (no bodily enjoyment)

1257 b ἀναγκαίων ἐστὶ καὶ νομίσματος πλουτῶν πολλάκις ἀπορήσει
15 τῆς ἀναγκαίας τροφῆς, καίτοι ἄτοπον τοιοῦτον εἶναι πλοῦτον οὗ
εὐπορῶν λιμῷ ἀπολεῖται, καθάπερ καὶ τὸν Μίδαν ἐκεῖνον
μυθολογοῦσι διὰ τὴν ἀπληστίαν τῆς εὐχῆς πάντων αὐτῷ
γιγνομένων τῶν παρατιθεμένων χρυσῶν. διὸ ζητοῦσιν ἕτερόν 17
τι τὸν πλοῦτον καὶ τὴν χρηματιστικήν, ὀρθῶς ζητοῦντες· ἔστι
20 γὰρ ἑτέρα ἡ χρηματιστικὴ καὶ ὁ πλοῦτος ὁ κατὰ φύσιν, καὶ
αὕτη μὲν οἰκονομική, ἡ δὲ καπηλική, ποιητικὴ πλούτου[1] οὐ
πάντως ἀλλὰ[2] διὰ χρημάτων μεταβολῆς· καὶ δοκεῖ περὶ τὸ
νόμισμα αὕτη εἶναι, τὸ γὰρ νόμισμα στοιχεῖον καὶ πέρας τῆς
ἀλλαγῆς ἐστίν. καὶ ἄπειρος δὴ οὗτος ὁ πλοῦτος ὁ ἀπὸ ταύτης
25 τῆς χρηματιστικῆς· ὥσπερ γὰρ ἡ ἰατρικὴ τοῦ ὑγιαίνειν εἰς
ἄπειρόν ἐστι καὶ ἑκάστη τῶν τεχνῶν τοῦ τέλους εἰς ἄπειρον (ὅτι
μάλιστα γὰρ ἐκεῖνο βούλονται ποιεῖν), τῶν δὲ πρὸς τὸ τέλος οὐκ
εἰς ἄπειρον (πέρας γὰρ τὸ τέλος πάσαις), οὕτω καὶ ταύτης τῆς
30 χρηματιστικῆς οὐκ ἔστι τοῦ τέλους πέρας, τέλος δὲ ὁ τοιοῦτος
πλοῦτος καὶ χρημάτων κτῆσις. τῆς δ' οἰκονομικῆς
χρηματιστικῆς[3] ἔστι πέρας· οὐ γὰρ τοῦτο τῆς οἰκονομικῆς 18
ἔργον. διὸ τῇ μὲν φαίνεται ἀναγκαῖον εἶναι παντὸς πλούτου
πέρας, ἐπὶ δὲ τῶν γινομένων ὁρῶμεν[4] συμβαῖνον τοὐναντίον·

If there is a limit (end) then it is by nature
M-E-M’

and a man well supplied with money may often[a] be destitute of the bare necessities of subsistence, yet it is absurd that wealth should be of such a kind that a man may be well supplied with it and yet die of hunger, like the famous Midas in the story, when owing to the insatiable covetousness of his prayer all the viands served up to
17 him turned into gold. Hence people seek for a different definition of riches and the art of getting wealth, and rightly; for natural wealth-getting and natural riches are different: natural wealth-getting belongs to household management, whereas the other kind belongs to trade, producing wealth not indiscriminately but by the method of exchanging goods. It is this art of wealth-getting that is thought to be concerned with money, for money is the first element and limit of commerce. And these riches, that are derived from this art of wealth-getting, are truly unlimited[b]; for just as the art of medicine is without limit in respect of health, and each of the arts is without limit in respect of its end (for they desire to produce that in the highest degree possible), whereas they are not without limit as regards the means to then-end (for with all of them the end is a limit to the means), so also this wealth-getting
18 has no limit in respect of its end, and its end is riches and the acquisition of goods in the commercial sense. But the household branch of wealth-getting has a limit, inasmuch as the acquisition of money is not the function of household management. Hence from this point of view it appears necessary that there should be a limit to all riches, yet in actual fact we observe that the opposite takes place; for all

1257 b 35 πάντες γὰρ εἰς ἄπειρον αὔξουσιν οἱ χρηματιζόμενοι τὸ νόμισμα. αἴτιον δὲ τὸ σύνεγγυς αὐτῶν. ἐπαλλάττει γὰρ ἡ χρῆσις τοῦ αὐτοῦ οὖσα ἑκατέρας[1] τῆς χρηματιστικῆς· τῆς γὰρ αὐτῆς ἐστὶ κτήσεως χρῆσις,[2] ἀλλ' οὐ κατὰ ταὐτόν, ἀλλὰ τῆς μὲν ἕτερον τέλος, τῆς δ' ἡ αὔξησις. ὥστε δοκεῖ τισὶ τοῦτ' εἶναι 40 τῆς οἰκονομικῆς ἔργον, καὶ διατελοῦσιν ἢ σῴζειν οἰόμενοι δεῖν ἢ αὔξειν τὴν τοῦ νομίσματος οὐσίαν εἰς ἄπειρον. αἴτιον δὲ 1258 a ταύτης τῆς διαθέσεως τὸ σπουδάζειν περὶ τὸ ζῆν ἀλλὰ μὴ τὸ εὖ 19 ζῆν· εἰς ἄπειρον οὖν ἐκείνης τῆς ἐπιθυμίας οὔσης, καὶ τῶν ποιητικῶν ἀπείρων ἐπιθυμοῦσιν. ὅσοι δὲ καὶ τοῦ εὖ ζῆν ἐπιβάλλονται, τὸ πρὸς τὰς ἀπολαύσεις τὰς σωματικὰς 5 ζητοῦσιν, ὥστ' ἐπεὶ καὶ τοῦτ' ἐν τῇ κτήσει φαίνεται ὑπάρχειν,[3] πᾶσα ἡ διατριβὴ περὶ τὸν χρηματισμόν ἐστι, καὶ τὸ ἕτερον εἶδος τῆς χρηματιστικῆς διὰ τοῦτ' ἐλήλυθεν. ἐν ὑπερβολῇ γὰρ οὔσης τῆς ἀπολαύσεως, τὴν τῆς ἀπολαυστικῆς ὑπερβολῆς ποιητικὴν ζητοῦσιν· κἂν μὴ διὰ τῆς χρηματιστικῆς δύνωνται 10 πορίζειν, δι' ἄλλης αἰτίας τοῦτο πειρῶνται, ἑκάστῃ χρώμενοι τῶν δυνάμεων οὐ κατὰ φύσιν. ἀνδρείας γὰρ οὐ χρήματα ποιεῖν 20 ἐστὶν ἀλλὰ θάρσος, οὐδὲ στρατηγικῆς καὶ ἰατρικῆς, ἀλλὰ τῆς μὲν νίκην τῆς δ' ὑγίειαν. οἱ δὲ πάσας ποιοῦσι χρηματιστικάς, ὡς

men engaged in wealth-getting try to increase their money to an unlimited amount. The reason of this is the close affinity of the two branches of the art of business. Their common ground is that the thing that each makes use of is the same; they use the same property, although not in the same way—the one has another end in view, the aim of the other is the increase of the property. Consequently some people suppose that it is the function of household management to increase property, and they are continually under the idea that it is their duty to be either 19 safeguarding their substance in money or increasing it to an unlimited amount. The cause of this state of mind is that their interests are set upon life but not upon the good life; as therefore the desire for life is unlimited, they also desire without limit the means productive of life. And even those who fix their aim on the good life seek the good life as measured by bodily enjoyments, so that inasmuch as this also seems to be found in the possession of property, all their energies are occupied in the business of getting wealth; and owing to this the second kind of the art of wealth-getting has arisen. For as their enjoyment is in excess, they try to discover the art that is productive of enjoyable excess; and if they cannot procure it by the art of wealth-getting, they try to do so by some other means, employing each of the faculties in an unnatural 20 way. For it is not the function of courage to produce wealth, but to inspire daring; nor is it the function of the military art nor of the medical art, but it belongs to the former to bring victory and to the latter to cause health. Yet these people make all these faculties means for the business of providing wealth, in the

1258 a τοῦτο τέλος ὄν, πρὸς δὲ τὸ τέλος ἅπαντα δέον ἀπαντᾶν.

15 Περὶ μὲν οὖν τῆς τε μὴ ἀναγκαίας χρηματιστικῆς, καὶ τίς καὶ δι' αἰτίαν τίνα ἐν χρείᾳ ἐσμὲν αὐτῆς, εἴρηται, καὶ περὶ τῆς ἀναγκαίας, ὅτι ἑτέρα μὲν αὐτῆς οἰκονομικὴ δὲ κατὰ φύσιν ἡ περὶ τὴν τροφήν, οὐχ ὥσπερ αὕτη[1] ἄπειρος ἀλλ' ἔχουσα ὅρον.

20 Δῆλον δὲ καὶ τὸ ἀπορούμενον ἐξ ἀρχῆς, πότερον τοῦ 21 οἰκονομικοῦ καὶ πολιτικοῦ ἐστὶν ἡ χρηματιστικὴ ἢ οὔ, ἀλλὰ δεῖ τοῦτο μὲν ὑπάρχειν (ὥσπερ γὰρ καὶ ἀνθρώπους οὐ ποιεῖ ἡ πολιτικὴ ἀλλὰ λαβοῦσα παρὰ τῆς φύσεως χρῆται αὐτοῖς, οὕτω

25 καὶ τροφὴν[2] τὴν φύσιν δεῖ παραδοῦναι γῆν ἢ θάλατταν ἢ ἄλλο τι), ἐκ δὲ τούτων ὡς δεῖ ταῦτα διαθεῖναι προσήκει τὸν οἰκονόμον. οὐ γὰρ τῆς ὑφαντικῆς ἔρια ποιῆσαι ἀλλὰ χρήσασθαι αὐτοῖς, καὶ γνῶναι δὲ τὸ ποῖον χρηστὸν καὶ ἐπιτήδειον ἢ φαῦλον καὶ ἀνεπιτήδειον. καὶ γὰρ ἀπορήσειεν ἄν τις διὰ τί ἡ μὲν 22

30 χρηματιστικὴ μόριον τῆς οἰκονομίας ἡ δ' ἰατρικὴ οὐ μόριον, καίτοι δεῖ ὑγιαίνειν τοὺς κατὰ τὴν οἰκίαν, ὥσπερ ζῆν ἢ ἄλλο τι τῶν ἀναγκαίων. ἐπεὶ δ' ἔστι μὲν ὡς τοῦ οἰκονόμου καὶ τοῦ ἄρχοντος καὶ περὶ ὑγιείας ἰδεῖν, ἔστι[3] δ' ὡς οὔ, ἀλλὰ τοῦ ἰατροῦ, οὕτω καὶ περὶ τῶν χρημάτων ἔστι μὲν ὡς

Natural business subsidiary to economics

belief that wealth is the end and that everything must conspire to the end.

We have therefore discussed both the unnecessary branch of wealth-getting, defining it and also explaining the cause why we require it, and the necessary branch, showing that this branch which has to do with food is different from the unnecessary branch and is by nature a part of household management, not being like that branch unlimited but having a limit.

Natural Business a necessary subsidiary of Household Management.

21 And we can also see the answer to the question raised at the beginning,[a] whether the art of wealth-getting belongs to the householder and the statesman, or whether on the contrary supplies ought to be provided already, since just as statesmanship does not create human beings but having received them from nature makes use of them, so also it is the business of nature to bestow food by bestowing land or sea or something else, while the task of the householder is, starting with these supplies given, to dispose of them in the proper way. For it does not belong to the art of weaving to make fleeces, but to use them, and also to know

22 what sort of fleece is good and suitable or bad and unsuitable. Otherwise the question might be raised, why the getting of wealth is a part of the household art whereas the art of medicine is not a part of it, although the members of the household ought to be healthy, just as they must be alive or fulfil any of the other essential conditions. But inasmuch as although in a way it does belong to the householder and the ruler to see even to health, yet in a way it does not belong to them but to the physician, so also with regard to wealth, although in a way it is the affair of the householder,

1258 a 35 τοῦ οἰκονόμου, ἔστι[1] δ' ὡς οὔ, ἀλλὰ τῆς ὑπηρετικῆς. μάλιστα δέ, καθάπερ εἴρηται πρότερον, δεῖ φύσει τοῦτο ὑπάρχειν. φύσεως γάρ ἐστιν ἔργον τροφὴν τῷ γεννηθέντι παρέχειν· παντὶ γάρ, ἐξ οὗ γίνεται, τροφὴ τὸ λειπόμενόν ἐστιν. διὸ κατὰ φύσιν ἐστὶν ἡ χρηματιστικὴ πᾶσιν ἀπὸ τῶν καρπῶν καὶ τῶν ζῴων.

40 Διπλῆς δ' οὔσης αὐτῆς, ὥσπερ εἴπομεν, καὶ τῆς μὲν 23
1258 b καπηλικῆς τῆς δ' οἰκονομικῆς, καὶ ταύτης μὲν ἀναγκαίας καὶ ἐπαινουμένης, τῆς δὲ μεταβλητικῆς ψεγομένης δικαίως (οὐ γὰρ κατὰ φύσιν ἀλλ' ἀπ' ἀλλήλων ἐστίν), εὐλογώτατα μισεῖται ἡ ὀβολοστατικὴ διὰ τὸ ἀπ'[2] αὐτοῦ τοῦ νομίσματος εἶναι τὴν
5 κτῆσιν καὶ οὐκ ἐφ' ὅπερ ἐπορίσθη· μεταβολῆς γὰρ ἐγένετο χάριν, ὁ δὲ τόκος αὐτὸ ποιεῖ πλέον (ὅθεν καὶ τοὔνομα τοῦτ' εἴληφεν· ὅμοια γὰρ τὰ τικτόμενα τοῖς γεννῶσιν αὐτά ἐστιν, ὁ δὲ τόκος γίνεται νόμισμα ἐκ νομίσματος)· ὥστε καὶ μάλιστα παρὰ φύσιν οὗτος τῶν χρηματισμῶν ἐστίν.

10 IV. Ἐπεὶ δὲ τὰ πρὸς τὴν γνῶσιν διωρίκαμεν ἱκανῶς, τὰ 1
πρὸς τὴν χρῆσιν δεῖ διελθεῖν· πάντα δὲ τὰ τοιαῦτα τὴν μὲν θεωρίαν ἐλεύθερον ἔχει, τὴν δ' ἐμπειρίαν ἀναγκαίαν. ἔστι δὲ τῆς χρηματιστικῆς μέρη χρήσιμα τὸ περὶ τὰ κτήματα[3] ἔμπειρον εἶναι, ποῖα λυσιτελέστατα καὶ ποῦ καὶ πῶς, οἷον ἵππων κτῆσις ποία τις ἢ βοῶν ἢ προβάτων, ὁμοίως δὲ

Metabletike (the art of exchange) justly discredited, especially usury, for money has not been created to make more money but to facilitate exchange

in a way it is not, but is a matter for the subsidiary art. But best of all, as has been said before, this provision ought to be made in advance by nature. For it is the work of nature to supply nourishment for her offspring, since every creature has for nourishment the residue of the substance from which it springs.[a] Hence the business of drawing provision from the fruits of the soil and from animals is natural to all.

23 But, as we said, this art is twofold, one branch being of the nature of trade while the other belongs to the household art; and the latter branch is necessary and in good esteem, but the branch connected with exchange is justly discredited (for it is not in accordance with nature, but involves men's taking things from one another). As this is so, usury is most reasonably hated, because its gain comes from money itself and not from that for the sake of which money was invented. For money was brought into existence for the purpose of exchange, but interest increases the amount of the money itself (and this is the actual origin of the Greek word: offspring resembles parent, and interest is money born of money); consequently this form of the business of getting wealth is of all forms the most contrary to nature.

Trade justly disliked; Usury unnatural.

1 IV. And since we have adequately defined the scientific side of the subject, we ought to discuss it from the point of view of practice; although, whereas the theory of such matters is a liberal study, the practical pursuit of them is narrowing. The practically useful branches of the art of wealth-getting are first, an expert knowledge of stock, what breeds are most profitable and in what localities and under what conditions, for instance what particular stock in

Outline of practical treatise on Trade:

1258 b 15 καὶ τῶν λοιπῶν ζῴων (δεῖ γὰρ ἔμπειρον εἶναι πρὸς ἄλληλά τε
τούτων τίνα λυσιτελέστατα, καὶ ποῖα ἐν ποίοις τόποις, ἄλλα
γὰρ ἐν ἄλλαις εὐθηνεῖ χώραις)· εἶτα περὶ γεωργίας, καὶ ταύτης
ἥδη ψιλῆς τε καὶ πεφυτευμένης, καὶ μελιττουργίας, καὶ τῶν
20 ἄλλων ζῴων τῶν πλωτῶν ἢ πτηνῶν ἀφ' ὅσων ἔστι τυγχάνειν
βοηθείας. τῆς μὲν οὖν οἰκειοτάτης χρηματιστικῆς ταῦτα μόρια 2
καὶ πρῶτα[1]· τῆς δὲ μεταβλητικῆς μέγιστον μὲν ἐμπορία (καὶ
ταύτης μέρη τρία, ναυκληρία φορτηγία παράστασις· διαφέρει
25 δὲ τούτων ἕτερα ἑτέρων τῷ τὰ μὲν ἀσφαλέστερα εἶναι τὰ δὲ
πλείω πορίζειν τὴν ἐπικαρπίαν), δεύτερον δὲ τοκισμός, τρίτον δὲ
μισθαρνία (ταύτης δ' ἡ μὲν τῶν βαναύσων τεχνῶν,[2] ἡ δὲ τῶν
ἀτέχνων καὶ τῷ σώματι μόνῳ χρησίμων)· τρίτον δὲ εἶδος
χρηματιστικῆς μεταξὺ ταύτης καὶ τῆς πρώτης (ἔχει γὰρ καὶ τῆς
30 κατὰ φύσιν τι μέρος καὶ τῆς μεταβλητικῆς), ὅσα[3] ἀπὸ γῆς καὶ
τῶν ἀπὸ γῆς γινομένων ἀκάρπων μὲν χρησίμων δέ, οἷον
ὑλοτομία[4] τε καὶ πᾶσα μεταλλευτική· αὕτη δὲ πολλὰ ἤδη
περιείληφε γένη, πολλὰ γὰρ εἴδη τῶν ἐκ γῆς μεταλλευομένων
ἐστίν. εἰσὶ δὲ[5] τεχνικώταται μὲν τῶν ἐργασιῶν ὅπου ἐλάχιστον 3
τῆς τύχης, βαναυσόταται δ' ἐν αἷς τὰ

Three types of the art of exchange

1. Commerce
   - I. Shipping
   - II. Transport by land
   - III. Retailing
2. Money lending
3. Labour for hire

Risk-return trade-off

horses or cattle or sheep, and similarly of the other animals also
(for the farmer must be an expert as to which of these animals are
most profitable compared with one another, and also as to what
breeds are most profitable on what sorts of land, since different
breeds thrive in different places); secondly, the subject of
agriculture, and this again is divided into corn-growing and fruit-
farming; also bee-keeping, and the breeding of the other creatures
2 finned and feathered which can be used to furnish supplies. These
then are the branches and primary parts of wealth-getting in the
most proper sense. Of the kind that deals with exchange, the
largest branch is commerce (which has three departments, ship-
owning, transport and marketing: these departments differ from
each other in the fact that some are safer and others carry larger
profits); the second branch is money-lending, and the third labour
for hire, one department of which is that of the mechanic[a] arts and
the other that of unskilled labourers who are useful only for bodily
service. And there is a third form of wealth-getting that lies
between the latter and the one placed first, since it possesses an
element both of natural wealth-getting and of the sort that
employs exchange; it deals with all the commodities that are
obtained from the earth and from those fruitless but useful things
that come from the earth—examples are the felling of timber[b] and
all sorts of mining; and of mining itself there are many classes,
3 since there are many sorts of metals obtained out of the earth.
The[c] most scientific of these industries are those which involve the
smallest element of chance, the most mechanic those in which

its three branches.

Quarries and mines an intermediate class.

1258 b 35 σώματα λωβῶνται μάλιστα, δουλικώταται δὲ ὅπου τοῦ
σώματος πλεῖσται χρήσεις, ἀγεννέσταται δὲ ὅπου ἐλάχιστον
προσδεῖ ἀρετῆς. περὶ ἑκάστου δὲ τούτων καθόλου μὲν εἴρηται
καὶ νῦν, τὸ δὲ κατὰ μέρος ἀκριβολογεῖσθαι χρήσιμον μὲν πρὸς
τὰς ἐργασίας, φορτικὸν δὲ τὸ ἐνδιατρίβειν. ἐπεὶ δ' ἐστὶν ἐνίοις
1259 a γεγραμμένα περὶ τούτων, οἷον Χαρητίδῃ τῷ Παρίῳ καὶ
Ἀπολλοδώρῳ τῷ Λημνίῳ περὶ γεωργίας καὶ ψιλῆς καὶ
πεφυτευμένης, ὁμοίως δὲ καὶ ἄλλοις περὶ ἄλλων, ταῦτα μὲν ἐκ
τούτων θεωρείτω ὅτῳ ἐπιμελές· ἔτι δὲ καὶ τὰ λεγόμενα
σποράδην δι' ὧν ἐπιτετυχήκασιν ἔνιοι χρηματιζόμενοι δεῖ
συλλέγειν· πάντα γὰρ ὠφέλιμα ταῦτ' ἐστὶ τοῖς τιμῶσι τὴν
χρηματιστικήν, οἷον καὶ τὸ Θάλεω τοῦ Μιλησίου· τοῦτο γάρ
ἐστι κατανόημά τι χρηματιστικόν, ἀλλ' ἐκείνῳ μὲν διὰ τὴν
σοφίαν προσάπτουσι, τυγχάνει δὲ καθόλου τι ὄν. ὀνειδιζόντων
γὰρ αὐτῷ διὰ τὴν πενίαν ὡς ἀνωφελοῦς τῆς φιλοσοφίας οὔσης,
κατανοήσαντά φασιν αὐτὸν ἐλαιῶν φορὰν ἐσομένην ἐκ τῆς
ἀστρολογίας ἔτι χειμῶνος ὄντος, εὐπορήσαντα χρημάτων
ὀλίγων ἀρραβῶνας διαδοῦναι τῶν ἐλαιουργίων τῶν τ' ἐν
Μιλήτῳ καὶ Χίῳ πάντων, ὀλίγου μισθωσάμενον ἅτ' οὐθενὸς
ἐπιβάλλοντος· ἐπειδὴ δ' ὁ καιρὸς ἦκε, πολλῶν ζητουμένων ἅμα
καὶ ἐξαίφνης, ἐκμισθοῦντα ὃν τρόπον ἠβούλετο πολλὰ
χρήματα συλλέξαντα,

It is boring to provide details. There are management textbooks for that. Thales of Miletus cornering the market (Monopoly)

the operatives undergo the greatest amount of bodily degradation, the most servile those in which the most uses are made of the body, and the most ignoble those in which there is the least requirement of virtue as an accessory. But while we have even now given a general description of these various branches, yet a detailed and particular account of them, though useful for the
4 practice of the industries, would be illiberal as a subject of prolonged study. There are books on these subjects by certain authors, for example Charetides[a] of Paros and Apollodorus[b] of Lemnos have written about both agriculture and fruit-farming, and similarly others also on other topics, so these subjects may be studied from these authors by anybody concerned to do so; but in addition a collection ought also to be made[c] of the scattered accounts of methods that have brought success in business to certain individuals. All these methods are serviceable for those
5 who value wealth-getting, for example the plan of Thales[d] of Miletus, which is a device for the business of getting wealth, but which, though it is attributed to him because of his wisdom, is really of universal application. Thales, so the story goes, because of his poverty was taunted with the uselessness of philosophy; but from his knowledge of astronomy he had observed while it was still winter that there was going to be a large crop of olives, so he raised a small sum of money and paid round deposits for the whole of the olive-presses in Miletus and Chios, which he hired at a low rent as nobody was running him up; and when the season arrived, there was a sudden demand for a number of presses at the same time, and by letting them out on what terms he liked he realized a large sum of

Other writers on industries.

Thales and Monopoly.

1259 a ἐπιδεῖξαι ὅτι ῥᾴδιόν ἐστι πλουτεῖν τοῖς φιλοσόφοις ἂν
βούλωνται, ἀλλ' οὐ τοῦτ' ἐστὶ περὶ ὃ σπουδάζουσιν. Θαλῆς μὲν
οὖν λέγεται τοῦτον τὸν τρόπον ἐπίδειξιν ποιήσασθαι τῆς 6
σοφίας· ἔστι δ' ὥσπερ εἴπομεν, καθόλου τὸ τοιοῦτον
χρηματιστικόν, ἐάν τις δύνηται μονοπωλίαν αὑτῷ
κατασκευάζειν· διὸ καὶ τῶν πόλεων ἔνιαι τοῦτον ποιοῦνται τὸν
πόρον ὅταν ἀπορῶσι χρημάτων, μονοπωλίαν γὰρ τῶν ὠνίων
ποιοῦσιν. ἐν Σικελίᾳ δέ τις τεθέντος παρ' αὐτῷ νομίσματος 7
συνεπρίατο πάντα τὸν σίδηρον ἐκ τῶν σιδηρείων, μετὰ δὲ ταῦτα
ὡς ἀφίκοντο ἐκ τῶν ἐμπορίων οἱ ἔμποροι, ἐπώλει μόνος, οὐ
πολλὴν ποιήσας ὑπερβολὴν τῆς τιμῆς, ἀλλ' ὅμως ἐπὶ τοῖς
πεντήκοντα ταλάντοις ἐπέλαβεν ἑκατόν. τοῦτο μὲν οὖν ὁ 8
Διονύσιος αἰσθόμενος τὰ μὲν χρήματα ἐκέλευσεν
ἐκκομίσασθαι, μὴ μέντοι γ' ἔτι μένειν ἐν Συρακούσαις, ὡς
πόρους εὑρίσκοντα τοῖς αὑτοῦ[1] πράγμασιν ἀσυμφόρους. τὸ
μέντοι ὅραμα[2] Θάλεω καὶ τοῦτο[3] ταὐτόν ἐστιν· ἀμφότεροι γὰρ
ἑαυτοῖς ἐτέχνασαν γενέσθαι μονοπωλίαν. χρήσιμον δὲ
γνωρίζειν ταῦτα καὶ τοῖς πολιτικοῖς· πολλαῖς γὰρ πόλεσι δεῖ
χρηματισμοῦ καὶ τοιούτων πόρων, ὥσπερ οἰκίᾳ, μᾶλλον δέ·
διόπερ τινὲς καὶ πολιτεύονται τῶν πολιτευομένων ταῦτα μόνον.

V. Ἐπεὶ δὲ τρία μέρη τῆς οἰκονομικῆς ἦν, ἓν μὲν δεσποτική, 1
περὶ ἧς εἴρηται πρότερον, ἓν δὲ πατρική, τρίτον δὲ γαμική[4]—
καὶ γὰρ γυναικὸς

Wealth-getting through monopoly

money, so proving that it is easy for philosophers to be rich if they
6 choose, but this is not what they care about. Thales then is
reported to have thus displayed his wisdom, but as a matter of fact
this device of taking an opportunity to secure a monopoly is a
Government monopolies. universal principle of business; hence even some states have
recourse to this plan as a method of raising revenue when short of
7 funds: they introduce a monopoly of marketable goods. There was
a man in Sicily who used a sum of money deposited with him to
buy up all the iron from the iron foundries, and afterwards when
the dealers came from the trading-centres he was the only seller,
though he did not greatly raise the price, but all the same he made
8 a profit of a hundred talents[a] on his capital of fifty. When
Dionysius[b] came to know of it he ordered the man to take his
money with him but clear out of Syracuse on the spot,[c] since he
was inventing means of profit detrimental to the tyrant's own
affairs. Yet really this device is the same as the discovery of Thales,
for both men alike contrived to secure themselves a monopoly. An
acquaintance with these devices is also serviceable for statesmen,
for many states need financial aid and modes of revenue like those
described, just as a household may, but in greater degree; hence
some statesmen even devote their political activity exclusively to
finance.

1 V. And since, as we saw,[d] the science of household
The husband's office political, the father's royal; management has three divisions, one the relation of master to
slave, of which we have spoken before,[e] one the paternal relation,
and the third the conjugal[f]—for

1259 a 40 ἄρχειν καὶ τέκνων (ὡς ἐλευθέρων μὲν ἀμφοῖν, οὐ τὸν αὐτὸν δὲ
1259 b τρόπον τῆς ἀρχῆς, ἀλλὰ γυναικὸς μὲν πολιτικῶς, τέκνων δὲ
βασιλικῶς)· τό τε γὰρ ἄρρεν φύσει τοῦ θήλεος ἡγεμονικώτερον
(εἰ μή που συνέστηκε παρὰ φύσιν) καὶ τὸ πρεσβύτερον καὶ
5 τέλειον τοῦ νεωτέρου καὶ ἀτελοῦς. ἐν μὲν οὖν ταῖς πολιτικαῖς
ἀρχαῖς ταῖς πλείσταις μεταβάλλει τὸ ἄρχον καὶ τὸ ἀρχόμενον
(ἐξ ἴσου γὰρ εἶναι βούλεται τὴν φύσιν καὶ διαφέρειν μηθέν),
ὅμως δὲ ὅταν τὸ μὲν ἄρχῃ τὸ δ' ἄρχηται ζητεῖ διαφορὰν εἶναι
καὶ σχήμασι καὶ λόγοις καὶ τιμαῖς, ὥσπερ καὶ Ἄμασις εἶπε τὸν
10 περὶ τοῦ ποδανιπτῆρος λόγον· τὸ δ' ἄρρεν ἀεὶ πρὸς τὸ θῆλυ
τοῦτον ἔχει τὸν τρόπον. ἡ δὲ τῶν τέκνων ἀρχὴ βασιλική· τὸ γὰρ
γεννῆσαν καὶ κατὰ φιλίαν ἄρχον καὶ κατὰ πρεσβείαν ἐστίν,
ὅπερ ἐστὶ βασιλικῆς εἶδος ἀρχῆς (διὸ καλῶς Ὅμηρος τὸν Δία
προσηγόρευσεν εἰπὼν

πατὴρ ἀνδρῶν τε θεῶν τε

15 τὸν βασιλέα τούτων ἁπάντων). φύσει γὰρ τὸν βασιλέα
διαφέρειν μὲν δεῖ, τῷ γένει δ' εἶναι τὸν αὐτόν· ὅπερ πέπονθε τὸ
πρεσβύτερον πρὸς τὸ νεώτερον καὶ ὁ γεννήσας πρὸς τὸ τέκνον.

Φανερὸν τοίνυν ὅτι πλείων ἡ σπουδὴ τῆς οἰκονομίας περὶ 3
20 τοὺς ἀνθρώπους ἢ περὶ τὴν τῶν ἀψύχων κτῆσιν καὶ περὶ τὴν
ἀρετὴν τούτων ἢ περὶ τὴν τῆς κτήσεως, ὃν καλοῦμεν πλοῦτον,
καὶ τῶν ἐλευθέρων μᾶλλον ἢ δούλων.

2 it is a part of the household science to rule over wife and children 2
(over both as over freemen, yet not with the same mode of
government,[a] but over the wife to exercise republican government
and over the children monarchical); for the male is by nature
better fitted to command than the female (except in some cases
where their union has been formed contrary to nature) and the
older and fully developed person than the younger and immature.
It is true that in most cases of republican government the ruler
and the ruled interchange in turn (for they tend to be on an equal
level in their nature and to have no difference at all), although
nevertheless during the period when one is ruler and the other
ruled they seek to have a distinction by means of insignia and titles
and honours, just as Amasis made his speech about the foot-bath[b];
but the male stands in this relationship to the female continuously.
The rule of the father over the children on the other hand is that
of a king; for the male parent is the ruler in virtue both of affection
and of seniority, which is characteristic of royal government (and
therefore Homer[c] finely designated Zeus by the words 'father of
men and gods,' as the king of them all). For though in nature the
king must be superior, in race he should be the same as his
subjects, and this is the position of the elder in relation to the
younger and of the father in relation to the child.

3 It is clear then that household management takes more interest 3
in the human members of the household than in its inanimate
property, and in the excellence of these than in that of its property,
which we style riches, and more in that of its free members than in
that of slaves.

and more important ownership of goods.

B

1260 b I. Ἐπεὶ δὲ προαιρούμεθα θεωρῆσαι περὶ τῆς κοινωνίας τῆς 1
πολιτικῆς ἣ κρατίστη πασῶν τοῖς δυναμένοις ζῆν ὅτι μάλιστα
30 κατ' εὐχήν, δεῖ καὶ τὰς ἄλλας ἐπισκέψασθαι πολιτείας αἷς τε
χρῶνταί τινες τῶν πόλεων τῶν εὐνομεῖσθαι λεγομένων κἂν εἴ
τινες ἕτεραι τυγχάνωσιν ὑπὸ τινῶν εἰρημέναι καὶ δοκοῦσαι
καλῶς ἔχειν, ἵνα τό τ' ὀρθῶς ἔχον ὀφθῇ καὶ τὸ χρήσιμον, ἔτι δὲ
τὸ ζητεῖν τι παρ' αὐτὰς ἕτερον μὴ δοκῇ πάντως εἶναι
35 σοφίζεσθαι βουλομένων, ἀλλὰ διὰ τὸ μὴ καλῶς ἔχειν ταύτας
τὰς νῦν ὑπαρχούσας, διὰ τοῦτο ταύτην δοκῶμεν ἐπιβαλέσθαι
τὴν μέθοδον.

Ἀρχὴν δὲ πρῶτον ποιητέον ἥπερ πέφυκεν ἀρχὴ ταύτης τῆς 2
σκέψεως. ἀνάγκη γὰρ ἤτοι πάντας πάντων κοινωνεῖν τοὺς
πολίτας, ἢ μηδενός, ἢ τινῶν μὲν τινῶν δὲ μή. τὸ μὲν οὖν μηδενὸς
40 κοινωνεῖν φανερὸν ὡς ἀδύνατον (ἡ γὰρ πολιτεία κοινωνία τίς
ἐστι, καὶ πρῶτον ἀνάγκη τοῦ τόπου κοινωνεῖν, ὁ μὲν γὰρ τόπος
1261 a εἷς ὁ τῆς μιᾶς πόλεως, οἱ δὲ πολῖται κοινωνοὶ τῆς μιᾶς πόλεως)·
ἀλλὰ πότερον ὅσων

BOOK II

1 I. And since we take for our special consideration the study of the form of political community that is the best of all the forms for a people able to pursue the most ideal mode of life, we must also examine the other constitutions actually employed by certain of the states said to be well governed, as well as any others propounded by certain thinkers and reputed to be of merit, in order that we may discern what there is in them that is right and expedient, and also in order that it may not be thought that to seek for something different from them springs entirely from a desire to display ingenuity, but that we may be thought to enter upon this inquiry because these forms of constitution that already exist are not satisfactory.

2 We must first adopt as a starting-point that which is the natural point of departure for this inquiry. There are three possible systems of property: either all the citizens must own everything in common, or they must own nothing in common, or some things must be common property and others not. To have nothing in common is clearly impossible; for the state is essentially a form of community, and it must at any rate have a common locality: a single city occupies a single site, and the single city belongs to its citizens in common. But is it better for a city

Types of property:

1. All in common
2. Nothing in common
3. Some things in common and others not

1261 a ἐνδέχεται κοινωνῆσαι πάντων βέλτιον κοινωνεῖν τὴν μέλλουσαν
οἰκήσεσθαι πόλιν καλῶς, ἢ τινῶν μὲν τινῶν δ' οὐ βέλτιον;
5 ἐνδέχεται γὰρ καὶ τέκνων καὶ γυναικῶν καὶ κτημάτων κοινωνεῖν
τοὺς πολίτας ἀλλήλοις, ὥσπερ ἐν τῇ Πολιτείᾳ τῇ Πλάτωνος·
ἐκεῖ γὰρ ὁ Σωκράτης φησὶ δεῖν κοινὰ τὰ τέκνα καὶ τὰς γυναῖκας
εἶναι καὶ τὰς κτήσεις. τοῦτο δὴ πότερον ὡς νῦν οὕτω βέλτιον
ἔχειν, ἢ κατὰ τὸν ἐν τῇ Πολιτείᾳ γεγραμμένον νόμον;
10 Ἔχει δὲ δυσχερείας ἄλλας τε πολλὰς τὸ πάντων εἶναι τὰς 3
γυναῖκας κοινάς, καὶ δι' ἣν αἰτίαν φησὶ δεῖν νενομοθετῆσθαι
τὸν τρόπον τοῦτον ὁ Σωκράτης οὐ φαίνεται συμβαῖνον ἐκ τῶν
λόγων· ἔτι δὲ πρὸς τὸ τέλος ὅ φησι τῇ πόλει δεῖν ὑπάρχειν, ὡς
15 μὲν εἴρηται νῦν, ἀδύνατον, πῶς δὲ δεῖ διελεῖν,[1] οὐδὲν διώρισται·
λέγω δὲ τὸ μίαν εἶναι τὴν πόλιν πᾶσαν ὡς ἄριστον ὅτι μάλιστα,
λαμβάνει γὰρ ταύτην ὑπόθεσιν ὁ Σωκράτης.
Καίτοι φανερόν ἐστιν ὡς προϊοῦσα καὶ γινομένη μία 4
μᾶλλον οὐδὲ πόλις ἔσται· πλῆθος γάρ τι τὴν φύσιν ἐστὶν ἡ
20 πόλις, γινομένη τε μία μᾶλλον οἰκία μὲν ἐκ πόλεως, ἄνθρωπος
δ' ἐξ οἰκίας ἔσται, μᾶλλον γὰρ μίαν τὴν οἰκίαν τῆς πόλεως
φαίημεν ἂν καὶ τὸν ἕνα τῆς οἰκίας· ὥστ' εἰ καὶ δυνατός τις εἴη
τοῦτο δρᾶν, οὐ ποιητέον, ἀναιρήσει γὰρ τὴν πόλιν. οὐ μόνον δ'
ἐκ πλειόνων ἀνθρώπων ἐστὶν ἡ πόλις, ἀλλὰ καὶ ἐξ εἴδει
διαφερόντων. οὐ

Having all property and wives in common not practical: it would make the state into a family

that is to be well ordered to have community in everything which can possibly be made common property, or is it better to have some things in common and others not? For ex ample, it is possible for the citizens to have children, wives and possessions in common with each other, as in Plato's *Republic*, in which Socrates says that there must be community of children, women and possessions. Well then, which is preferable, the system that now obtains, or one conforming with the regulation described in *The Republic*[a]?

Plato's communistic Republic.

3 Now for all the citizens to have their wives in common involves a variety of difficulties; in particular,[b] (1) the object which Socrates advances as the reason why this enactment should be made clearly does not follow from his arguments; also (2) as a means to the end which he asserts should be the fundamental object of the city, the scheme as actually set forth in the dialogue is not practicable; yet (3) how it is to be further worked out has been nowhere definitely stated. I refer to the ideal of the fullest possible unity of the entire state, which Socrates takes as his fundamental principle.

4 Yet it is clear that if the process of unification advances beyond a certain point, the city will not be a city at all; for a state essentially consists of a multitude of persons, and if its unification is carried beyond a certain point, city will be reduced to family and family to individual, for we should pronounce the family to be a more complete unity than the city, and the single person than the family; so that even if any lawgiver were able to unify the state, he must not do so, for he will destroy it in the process. And not only does a city consist of a multitude of human beings, it consists of human beings

(1) Unity of State not desirable because numerical plurality is essential,

γὰρ γίνεται πόλις ἐξ ὁμοίων. ἕτερον γὰρ συμμαχία καὶ πόλις·
τὸ μὲν γὰρ τῷ ποσῷ χρήσιμον, κἂν ᾖ τὸ αὐτὸ τῷ εἴδει (βοηθείας
γὰρ χάριν ἡ συμμαχία πέφυκεν), ὥσπερ ἂν εἰ σταθμὸς πλεῖον
ἑλκύσειε,[1] ἐξ[2] ὧν δὲ δεῖ ἓν γενέσθαι εἴδει δεῖ διαφέρειν[3] (διοίσει
δὲ τῷ τοιούτῳ καὶ πόλις ἔθνους ὅταν μὴ κατὰ κώμας ὥσι
κεχωρισμένοι τὸ πλῆθος ἀλλ᾽ οἷον Ἀρκάδες). διόπερ τὸ ἴσον[4]
τὸ ἀντιπεπονθὸς σῴζει τὰς πόλεις, ὥσπερ ἐν τοῖς Ἠθικοῖς
εἴρηται πρότερον. ἐπεὶ καὶ ἐν τοῖς ἐλευθέροις καὶ ἴσοις ἀνάγκη
τοῦτ᾽ εἶναι· ἅμα γὰρ οὐχ οἷόν τε πάντας ἄρχειν, ἀλλ᾽ ἢ κατ᾽
ἐνιαυτὸν ἢ κατά τινα ἄλλην τάξιν ἢ χρόνον· καὶ συμβαίνει δὴ
τὸν τρόπον τοῦτον ὥστε πάντας ἄρχειν, ὥσπερ ἂν εἰ
μετέβαλλον οἱ σκυτεῖς καὶ οἱ τέκτονες καὶ μὴ οἱ αὐτοὶ ἀεὶ
σκυτοτόμοι καὶ τέκτονες ἦσαν. ἐπεὶ δὲ βέλτιον οὕτως ἔχειν καὶ
τὰ περὶ τὴν κοινωνίαν τὴν πολιτικήν, δῆλον ὡς τοὺς αὐτοὺς ἀεὶ
βέλτιον ἄρχειν, εἰ δυνατόν· ἐν οἷς δὲ μὴ δυνατὸν διὰ τὸ τὴν
φύσιν ἴσους εἶναι πάντας, ἅμα δὲ[5] καὶ δίκαιον, εἴτ᾽ ἀγαθὸν εἴτε
φαῦλον τὸ ἄρχειν, πάντας αὐτοῦ μετέχειν, τοῦτο δὲ μιμεῖται τὸ
ἐν μέρει τοὺς ἴσους εἴκειν τὸ ἀνομοίους[6] εἶναι ἐξ ἀρχῆς· οἱ μὲν
γὰρ ἄρχουσιν οἱ δ᾽

differing in kind. A collection of persons all alike does not constitute a state. For a city is not the same thing as a league; a league is of value by its quantity, even though it is all the same in kind (since the essential object of the league is military strength), just as a weight would be worth more if it weighed more, whereas[a] components which are to make up a unity must differ in kind (and it is by this character istic that a city will also surpass a tribe of which the population is not scattered among villages but organized like the Arcadians). Hence reciprocal equality[b] is the preservative of states, as has been said before in *Ethics*. For even among the free and equal this principle must necessarily obtain, since all cannot govern at once: they must hold office for a year at a time or by some other arrangement or period; and in this manner it does actually come about that all govern, just as all shoemakers would be also carpenters if the shoemakers and the carpenters kept on changing trades instead of the same persons being shoemakers and carpenters always. But since such permanence of function is better for the political community also, it is clear that it is better for the same persons to govern always, if possible; and among peoples where it is impossible because all the citizens are equal in their nature, yet at the same time it is only just, whether governing is a good thing or a bad, that all should partake in it, then for equals thus to submit to authority in turn imitates their being originally dissimilar[c]; for some govern and others are governed

classes are necessary.

1261 b 5 ἄρχονται παρὰ μέρος, ὥσπερ ἂν ἄλλοι γενόμενοι, καὶ τὸν αὐτὸν δὴ τρόπον ἀρχόντων ἕτεροι ἑτέρας ἄρχουσιν ἀρχάς. φανερὸν τοίνυν ἐκ τούτων ὡς οὔτε πέφυκε μίαν οὕτως εἶναι τὴν πόλιν 7
ὥσπερ λέγουσί τινες, καὶ τὸ λεχθὲν ὡς μέγιστον ἀγαθὸν ἐν ταῖς
10 πόλεσιν ὅτι τὰς πόλεις ἀναιρεῖ· καίτοι τό γε ἑκάστου ἀγαθὸν σῴζει ἕκαστον.—ἔστι δὲ καὶ κατ' ἄλλον τρόπον φανερὸν ὅτι τὸ λίαν ἑνοῦν ζητεῖν τὴν πόλιν οὐκ ἔστιν ἄμεινον. οἰκία μὲν γὰρ αὐταρκέστερον ἑνός, πόλις δ' οἰκίας, καὶ βούλεταί γ' ἤδη τότε εἶναι πόλις ὅταν αὐτάρκη συμβαίνῃ τὴν κοινωνίαν εἶναι τοῦ πλήθους· εἴπερ οὖν αἱρετώτερον τὸ αὐταρκέστερον, καὶ τὸ ἧττον
15 ἓν τοῦ μᾶλλον αἱρετώτερον.

Ἀλλὰ μὴν οὐδ' εἰ τοῦτο ἄριστόν ἐστι, τὸ μίαν ὅτι μάλιστ' 8
εἶναι τὴν κοινωνίαν, οὐδὲ τοῦτ' ἀποδείκνυσθαι φαίνεται κατὰ τὸν λόγον 'ἐὰν πάντες ἅμα λέγωσι τὸ ἐμὸν καὶ τὸ μὴ ἐμόν'·
20 τοῦτο γὰρ οἴεται ὁ Σωκράτης σημεῖον εἶναι τοῦ τὴν πόλιν τελέως εἶναι μίαν. τὸ γὰρ πάντες διττόν. εἰ μὲν οὖν ὡς ἕκαστος, τάχ' ἂν εἴη μᾶλλον ὃ βούλεται ποιεῖν ὁ Σωκράτης (ἕκαστος γὰρ υἱὸν ἑαυτοῦ φήσει τὸν αὐτὸν καὶ γυναῖκα δὴ τὴν αὐτήν, καὶ περὶ
25 τῆς οὐσίας καὶ περὶ ἑκάστου δὴ τῶν συμβαινόντων ὡσαύτως)· νῦν δ' οὐχ οὕτω φήσουσιν οἱ κοιναῖς χρώμενοι ταῖς γυναιξὶ καὶ 9
τοῖς τέκνοις, ἀλλὰ πάντες μέν, οὐχ ὡς ἕκαστος δ' αὐτῶν, ὁμοίως δὲ καὶ

Communism not practical

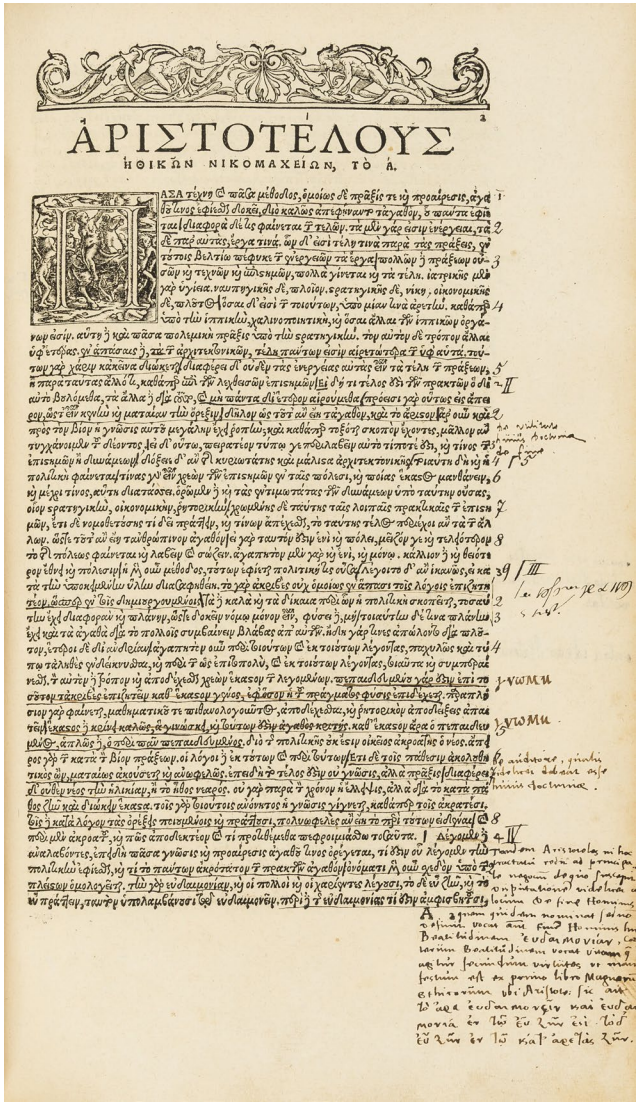
by turn, as though becoming other persons; and also when they
7 hold office in the same way different persons hold different offices. It is clear then from these considerations that it is not an outcome of nature for the state to be a unity in the manner in which certain persons say that it is, and that what has been said to be the greatest good in states really destroys states; yet surely a thing's particular good acts as its preservative.—Another line of consideration also shows that to seek to unify the state excessively is not beneficial. In point of self-sufficiency the individual is surpassed by the family and the family by the state, and in principle a state is fully realized only when it comes to pass that the community of numbers is self-sufficing; if therefore the more self-sufficing a community is, the more desirable is its condition, then a less degree of unity is more desirable than a greater.

and numbers give independence.

8 Again, even granting that it is best for the community to be as complete a unity as possible, complete unity does not seem to be proved by the formula all the citizens say "Mine" and "Not mine" at the same time,' which Socrates[a] thinks to be a sign of the city's being completely one. 'All' is an ambiguous term. If it means 'each severally,' very likely this would more fully realize the state of things which Socrates wishes to produce (for in that case every citizen will call the same boy his son and also the same woman his wife, and will speak in the same way of property and indeed of
9 everything that falls to his lot); but *ex hypothesi* the citizens, having community of women and children, will not call them 'theirs' in this sense, but will mean theirs collectively and not severally, and similarly they will call property

(2) Unity not secured (a) either by communism of the family,

because sense of property will be destroyed,



ΑΡΙΣΤΟΤΕΛΟΥΣ

ΗΘΙΚΩΝ ΝΙΚΟΜΑΧΕΙΩΝ, ΤΟ Α.

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First page of *Nicomachean Ethics*

ARISTOTELIS
OPERA OMNIA
QVÆ EXTANT.

Græcè & Latinè.

VETERVM AC RECENTIORVM INTERPRETVM, VT
Adriani Turnebi, Isaaci Casauboni, Iulij Pacij studio emendatissima.

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Græcolatinis de Republicâ in supplementum Politicorum Aristotelis.

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Authore GVILLELMO DV VAL Pontesiano, Philosophiæ Græcæ & Latinæ in Parisiensi Academiâ Regio Professore, & Doctore Medico: qui & præter operosam illam Synopsin, adiecit Anthologiam Anatomicam ex scitis Hippocratis & Galeni, ad libros Aristotelis de historiâ, generatione & partibus animalium; & præterea libros quatuordecim diuinioris Philosophiæ seu Metaphysicorum, notis & argumentis auxit ac illustrauit, quatuórque eorum postremos hactenus malè collocatos, in legitimum ordinem restituit.

Indices tres operum molem claudunt ac veluti obsignant. Primus, quasi Catalogus, nomina recenset Authorum etiam iuniorum, qui Philosophiam Aristotelis suis scriptis illustrârunt. Secundus, curas & commentarios singulorum distinguit. Tertius est Thesaurus rerum vberrimus.

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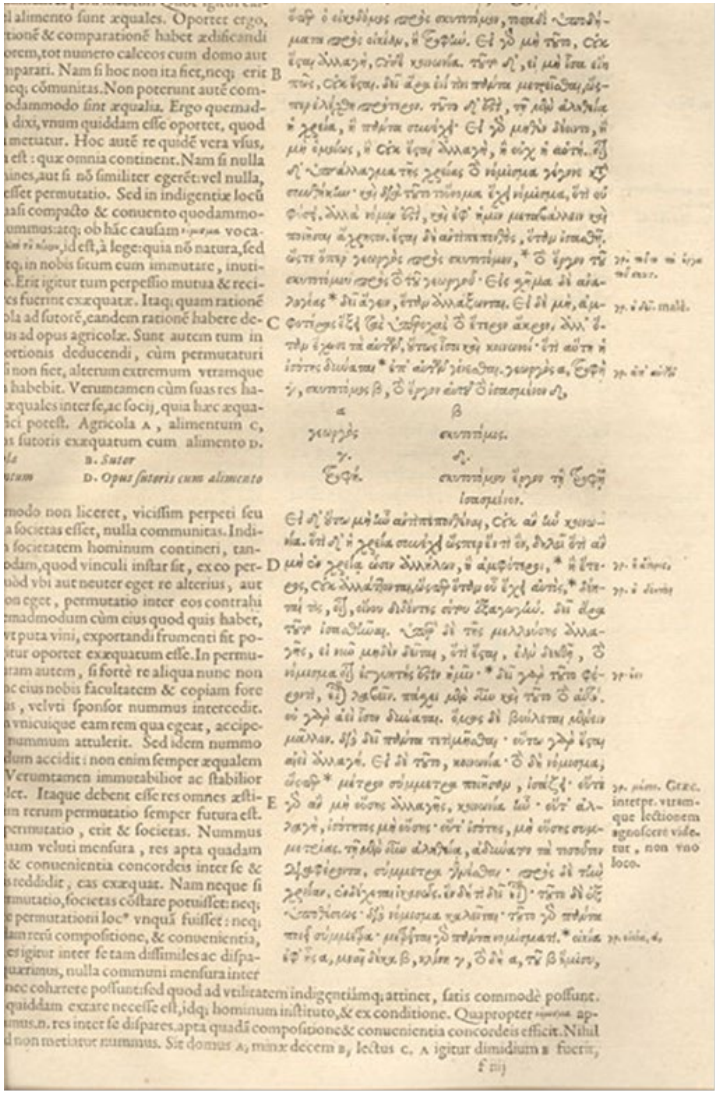
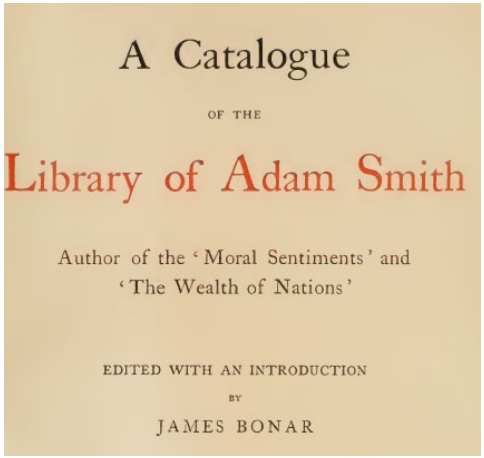
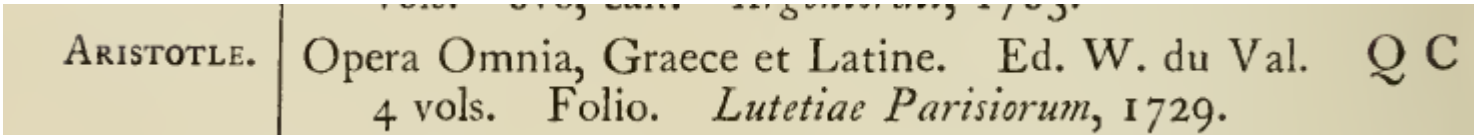


Guilielmo Du Val, *Aristotelis Opera Omnia quae extant, graece & latine, veterum ac recentiorum interpretum*, Lutetiae Parisiorum (Paris), Typis Regiis, apud Societatem Graecarum Editionum, 1629.

A copy of this edition was in Adam Smith's Library





ΠΕΡΙ ΔΙΚΑΙΟΣΥΝΗΣ.

THE FIFTH BOOK

OF THE

NICOMACHEAN ETHICS

OF

ARISTOTLE.

EDITED FOR THE SYNDICS OF THE UNIVERSITY PRESS

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11 ὅλης ἀρετῆς ἐστὶ τῶν νομίμων ὅσα νενομοθέτηται περὶ παιδείαν
τὴν πρὸς τὸ κοινόν. περὶ δὲ τῆς καθ' ἕκαστον παιδείας, καθ' ἣν
ἁπλῶς ἀνὴρ ἀγαθός ἐστι, πότερον τῆς πολιτικῆς ἐστὶν ἢ ἑτέρας,
ὕστερον διοριστέον· οὐ γὰρ ἴσως ταὐτὸν ἀνδρί τ' ἀγαθῷ εἶναι
καὶ πολίτῃ παντί.

12 Τῆς δὲ κατὰ μέρος δικαιοσύνης καὶ τοῦ κατ' αὐτὴν δικαίου 30
ἓν μέν ἐστιν εἶδος τὸ ἐν ταῖς διανομαῖς τιμῆς ἢ χρημάτων ἢ τῶν
ἄλλων ὅσα μεριστὰ τοῖς κοινωνοῦσι τῆς πολιτείας (ἐν τούτοις
13 γὰρ ἔστι καὶ ἄνισον ἔχειν καὶ ἴσον ἕτερον ἑτέρου[1]), ἓν δὲ τὸ ἐν
τοῖς συναλλάγμασι διορθωτικόν. τούτου δὲ μέρη δύο· τῶν γὰρ 1131
συναλλαγμάτων τὰ μὲν ἑκούσιά ἐστι τὰ δ' ἀκούσια, ἑκούσια
μὲν τὰ τοιάδε οἷον πρᾶσις, ὠνή, δανεισμός, ἐγγύη, χρῆσις,
παρακαταθήκη, μίσθωσις (ἑκούσια δὲ λέγεται, ὅτι ἡ ἀρχὴ τῶν 5
συναλλαγμάτων τούτων ἑκούσιος), τῶν δ' ἀκουσίων τὰ μὲν
λαθραῖα, οἷον κλοπή, μοιχεία, φαρμακεία, προαγωγεία,
δουλαπατία, δολοφονία, ψευδομαρτυρία, τὰ δὲ βίαια, οἷον
αἰκία, δεσμός, θάνατος, ἁρπαγή, πήρωσις, κακηγορία,
προπηλακισμός.

iii Ἐπεὶ δ' ὅ τ' ἄδικος ἄνισος καὶ τὸ ἄδικον ἄνισον, δῆλον ὅτι 10
καὶ μέσον τί ἐστι τοῦ ἀνίσου, τοῦτο

- Distributive Justice
- Corrective Justice
  - voluntary
  - involuntary
    - furtive
    - violent

11 that fits a man for social life are the rules productive of virtue in general. As for the education of the individual as such, that makes a man simply a good man, the question whether this is the business of Political Science or of some other science must be determined later: for it would seem that to be a good man is not in every case the same thing as to be a good citizen.[a]

12 Particular Justice on the other hand, and thatwhich is just in the sense corresponding to it, is divided into two kinds. One kind is exercised in the distribution of honour, wealth, and the other divisible assets of the community, which may be allotted among its members in equal or unequal shares. The other kind is that which

Particular Justice: (i) Distributive, (ii) Corrective.

13 supplies a corrective principle in private transactions. This Corrective Justice again has two sub-divisions, corresponding to the two classes of private transactions, those which are voluntary and those which are involuntary.[b] Examples of voluntary transactions are selling, buying, lending at interest, pledging, lending without interest, depositing, letting for hire; these transactions being termed voluntary because they are voluntarily entered upon.[c] Of involuntary transactions some are furtive, for instance, theft, adultery, poisoning, procuring, enticement of slaves, assassination, false witness; others are violent, for instance, assault, imprisonment, murder, robbery with violence, maiming, abusive language, contumelious treatment.

iii Now since an unjust man is one who is unfair, and the unjust is the unequal, it is clear that corresponding to the unequal there is a mean, namely that which

Distributive Justice.

Aristotle

δ' ἐστὶ τὸ ἴσον· ἐν ὁποίᾳ γὰρ πράξει ἐστὶ τὸ πλέον καὶ τὸ ἔλαττον, ἐστὶ καὶ τὸ ἴσον. εἰ οὖν τὸ ἄδικον ἄνισον, τὸ δίκαιον ἴσον· ὅπερ καὶ ἄνευ λόγου δοκεῖ πᾶσιν. ἐπεὶ δὲ τὸ ἴσον μέσον, τὸ δίκαιον μέσον τι ἂν εἴη. ἔστι δὲ τὸ ἴσον ἐν ἐλαχίστοις δυσίν. ἀνάγκη τοίνυν τὸ δίκαιον μέσον τε καὶ ἴσον εἶναι [καὶ πρός τι καὶ τισίν],[1] καὶ ᾗ μὲν μέσον, τινῶν (ταῦτα δ' ἐστὶ πλεῖον καὶ ἔλαττον), ᾗ δ' ἴσον ἐστίν, ‹ἐν›[2] δυοῖν, ᾗ δὲ δίκαιον, τισίν. ἀνάγκη ἄρα τὸ δίκαιον ἐν ἐλαχίστοις εἶναι τέτταρσιν· οἷς τε γὰρ δίκαιον τυγχάνει ὂν δύο ἐστί, καὶ ἐν οἷς [τὰ πράγματα][3] δύο. καὶ ἡ αὐτὴ ἔσται ἰσότης οἷς καὶ ἐν οἷς· ὡς γὰρ ἐκεῖνα ἔχει [τὰ ἐν οἷς],[4] οὕτω κἀκεῖνα ἕξει[5]· εἰ γὰρ μὴ ἴσοι, οὐκ ἴσα ἕξουσιν, ἀλλ' ἐντεῦθεν αἱ μάχαι καὶ τὰ ἐγκλήματα, ὅταν ἢ ἴσοι μὴ ἴσα ἢ μὴ ἴσοι ἴσα ἔχωσι καὶ νέμωνται. ἔτι ἐκ τοῦ κατ' ἀξίαν τοῦτο δῆλον· τὸ γὰρ δίκαιον ἐν ταῖς διανομαῖς ὁμολογοῦσι πάντες κατ' ἀξίαν τινὰ δεῖν εἶναι, τὴν μέντοι ἀξίαν οὐ τὴν αὐτὴν λέγουσι πάντες [ὑπάρχειν],[6] ἀλλ' οἱ μὲν δημοκρατικοὶ ἐλευθερίαν, οἱ δ' ὀλιγαρχικοὶ πλοῦτον, οἱ δ' εὐγένειαν, οἱ δ' ἀριστοκρατικοὶ ἀρετήν. ἔστιν ἄρα τὸ δίκαιον ἀνάλογόν τι. τὸ γὰρ ἀνάλογον οὐ μόνον ἐστὶ μοναδικοῦ ἀριθμοῦ ἴδιον, ἀλλ' ὅλως ἀριθμοῦ· ἡ γὰρ ἀναλογία ἰσότης ἐστὶ λόγων, καὶ ἐν τέτταρσιν ἐλαχίστοις.

Distributive Justice is proportional
Four terms at least
Assignment by desert
Criterion of assignment different

- Democrats Free birth
- Oligarchic Wealth
- Aristocratic Birth

Nicomachean Ethics, V.

is equal; for every action admitting of more and less admits of the equal also. If then the unjust is the unequal, the just is the equal—a view that commends itself to all without proof; and since the equal is a mean, the just will be a sort of mean too. Again, equality involves two terms at least. It accordingly follows not only (*a*) that the just is a mean and equal [and relative to something and just for certain persons [a]], but also (*b*) that, as a mean, it implies certain extremes between which it lies, namely the more and the less; (*c*) that, as equal, it implies two shares that are equal; and (*d*) that, as just, it implies certain persons for whom it is just. It follows therefore that justice involves at least four terms, namely, two persons for whom it is just and two shares which are just. And there will be the same equality between the shares as between the persons, since the ratio between the shares will be equal to the ratio between the persons; for if the persons are not equal, they will not have equal shares; it is when equals possess or are allotted unequal shares, or persons not equal equal shares, that quarrels and complaints arise.

This is also clear from the principle of 'assignment by desert.' All are agreed that justice in distributions must be based on desert of some sort, although they do not all mean the same sort of desert; democrats make the criterion free birth; those of oligarchical sympathies wealth, or in other cases birth; up holders of aristocracy make it virtue. Justice is therefore a sort of proportion; for proportion is not a property of numerical quantity only, but of quantity in general, proportion being equality of ratios, and involving four terms at least.

Aristotle

9 (Ἡ μὲν οὖν διῃρημένη ὅτι ἐν τέτταρσι, δῆλον, ἀλλὰ καὶ ἡ
συνεχής· τῷ γὰρ ἑνὶ ὡς δυσὶ χρῆται καὶ δὶς λέγει, οἷον ὡς ἡ 1131 b
τοῦ ᾱ[1] πρὸς τὴν τοῦ β̄,[1] οὕτως καὶ ἡ τοῦ β̄[1] πρὸς τὴν τοῦ γ̄.[1] δὶς
οὖν ἡ τοῦ β̄[1] εἴρηται· ὥστ' ἐὰν ἡ τοῦ β̄[1] τεθῇ δίς,[2] τέτταρα ἔσται
τὰ ἀνάλογα.)

10 Ἔστι δὴ[3] καὶ τὸ δίκαιον ἐν τέτταρσιν ἐλαχίστοις, καὶ ὁ
11 λόγος ὁ αὐτός. διῄρηνται[4] γὰρ ὁμοίως οἷς τε καὶ ἃ· ἔσται ἄρα 5
ὡς ὁ πρῶτος ὅρος πρὸς τὸν δεύτερον, οὕτως ὁ τρίτος πρὸς τὸν
τέταρτον, καὶ ἐναλλὰξ ἄρα, ὡς ὁ πρῶτος πρὸς τὸν τρίτον, ὁ
δεύτερος πρὸς τὸν τέταρτον. ὥστε καὶ τὸ ὅλον πρὸς τὸ ὅλον·
12 ὅπερ[5] ἡ νομὴ συνδυάζει, κἂν οὕτως συντεθῇ, δικαίως
συνδυάζει. ἡ ἄρα τοῦ πρώτου ὅρου τῷ τρίτῳ καὶ ἡ τοῦ δευτέρου
τῷ τετάρτῳ σύζευξις τὸ ἐν διανομῇ δίκαιόν ἐστι, καὶ μέσον τὸ 10
δίκαιον τοῦτ' ἐστὶ τοῦ παρὰ[6] τὸ ἀνάλογον· τὸ γὰρ ἀνάλογον
μέσον, τὸ δὲ δίκαιον ἀνάλογον.

$$\alpha/\beta=\gamma/\delta$$

Nicomachean Ethics, V.

9 (That a discrete proportion[a] has four terms is plain, but so also
has a continuous proportion, since it treats one term as two, and
repeats it: for example,[b] as the line representing term one is to the
line representing term two, so is the line representing term two to
the line representing term three; here the line representing term
two is mentioned twice, so that if it be counted twice, there will be
four proportionals.)

10 Thus the just also involves four terms at least, and the ratio
between the first pair of terms is the same as that between the
second pair. For the two lines representing the persons and shares
11 are similarly divided[c]; then, as the first term is to the second, so is
the third to the fourth; and hence, by alternation, as the first is to
the third, so is the second to the fourth; and therefore also, as the
first is to the second, so is the sum of the first and third to the sum
of the second and fourth. Now this is the combination effected by
a distribution of shares, and the combination is a just one, if
12 persons and shares are added together in this way. The principle of
Distributive Justice, therefore, is the conjunction of the first term
of a proportion with the third and of the second with the fourth;
and the just in this sense is a mean between two extremes that are
disproportionate,[d] since the proportionate is a mean, and the just
is the proportionate.

13 (Καλοῦσι δὲ τὴν τοιαύτην ἀναλογίαν γεωμετρικὴν οἱ μαθηματικοί· ἐν γὰρ τῇ γεωμετρικῇ συμβαίνει καὶ τὸ ὅλον πρὸς
14 τὸ ὅλον ὅπερ ἑκάτερον πρὸς ἑκάτερον.—ἔστι δ' οὐ συνεχὴς αὕτη ἡ ἀναλογία· οὐ γὰρ γίνεται εἷς ἀριθμῷ ὅρος, ᾧ καὶ ὅ.)

Τὸ μὲν οὖν δίκαιον τοῦτο τὸ ἀνάλογον, τὸ δ' ἄδικον τὸ παρὰ τὸ ἀνάλογον. γίνεται ἄρα τὸ μὲν πλέον τὸ δὲ ἔλαττον· ὅπερ καὶ
15 ἐπὶ τῶν ἔργων συμβαίνει· ὁ μὲν γὰρ ἀδικῶν πλέον ἔχει, ὁ δ' ἀδικούμενος ἔλαττον τοῦ ἀγαθοῦ· ἐπὶ δὲ τοῦ κακοῦ ἀνάπαλιν·
16 ἐν ἀγαθοῦ γὰρ λόγῳ γίνεται τὸ ἔλαττον κακὸν πρὸς τὸ μεῖζον κακόν· ἔστι γὰρ τὸ ἔλαττον κακὸν μᾶλλον αἱρετὸν τοῦ μείζονος, τὸ δ' αἱρετὸν ἀγαθόν, καὶ τὸ μᾶλλον μεῖζον.

17 Τὸ μὲν οὖν ἓν εἶδος τοῦ δικαίου τοῦτ' ἐστίν.

iv Τὸ δὲ λοιπὸν ἓν τὸ διορθωτικόν, ὃ γίνεται ἐν τοῖς
2 συναλλάγμασι καὶ τοῖς ἑκουσίοις καὶ τοῖς ἀκουσίοις. τοῦτο δὲ τὸ δίκαιον ἄλλο εἶδος ἔχει τοῦ προτέρου. τὸ μὲν γὰρ διανεμητικὸν δίκαιον τῶν κοινῶν ἀεὶ κατὰ τὴν ἀναλογίαν ἐστὶ τὴν εἰρημένην (καὶ γὰρ ἀπὸ χρημάτων κοινῶν ἐὰν γίγνηται ἡ διανομή, ἔσται κατὰ τὸν λόγον τὸν αὐτὸν ὅνπερ ἔχουσι πρὸς ἄλληλα τὰ εἰσενεχθέντα), καὶ τὸ ἄδικον τὸ ἀντικείμενον τῷ
3 δικαίῳ τούτῳ παρὰ τὸ ἀνάλογόν ἐστιν· τὸ δ' ἐν τοῖς συναλλάγμασι δίκαιον ἐστὶ μὲν ἴσον τι, καὶ τὸ ἄδικον

Distributive Justice: geometrical proportion

13 (This kind of proportion is termed by mathematicians geometrical proportion[a]; for a geometrical proportion is one in which the sum of the first and third terms will bear the same ratio
14 to the sum of the second and fourth as one term of either pair bears to the other term.—Distributive justice is not a continuous proportion, for its second and third terms, a recipient and a share, do not constitute a single term.)

The just in this sense is therefore the proportionate, and the unjust is that which violates proportion. The unjust may therefore be either too much or too little; and this is what we find in fact, for
15 when injustice is done, the doer has too much and the sufferer too little of the good in question; though *vice versa* in the case of an
16 evil, because a lesser evil in comparison with a greater counts as a good, since the lesser of two evils is more desirable than the greater, but what is desirable is good, and the more desirable it is, the greater good it is.

17 This then is one kind of Justice.

iv The remaining kind is Corrective Justice, which operates in Corrective Justice.
2 private transactions, both voluntary and involuntary. This justice is of a different sort from the preceding. For justice in distributing common property always conforms with the proportion we have described (since when a distribution is made from the common stock, it will follow the same ratio as that between the amounts which the several persons have contributed to the common stock);
3 and the injustice opposed to justice of this kind is a violation of this proportion. But the just in private transactions, although it is the equal in a

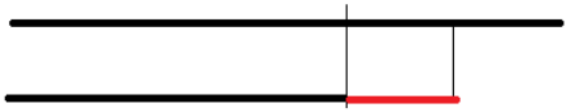
ἄνισον, ἀλλ᾽ οὐ κατὰ τὴν ἀναλογίαν ἐκείνην ἀλλὰ κατὰ τὴν ἀριθμητικήν. οὐθὲν γὰρ διαφέρει, εἰ ἐπιεικὴς ἔβλαψεν ἢ φαῦλος ἀπεστέρησεν ἢ φαῦλος ἐπιεικῆ, οὐδ᾽ εἰ ἐμοίχευσεν ἐπιεικὴς ἢ φαῦλος· ἀλλὰ πρὸς τοῦ βλάβους τὴν διαφορὰν μόνον βλέπει ὁ νόμος, καὶ χρῆται ὡς ἴσοις, εἰ ὁ μὲν ἀδικεῖ ὁ δ᾽ ἀδικεῖται, καὶ εἰ ἔβλαψεν ὁ δὲ βέβλαπται. ὥστε τὸ ἄδικον τοῦτο ἄνισον ὂν ἰσάζειν πειρᾶται ὁ δικαστής· καὶ γὰρ ὅταν ὁ μὲν πληγῇ ὁ δὲ πατάξῃ, ἢ καὶ κτείνῃ ὁ δ᾽ ἀποθάνῃ, διῄρηται τὸ πάθος καὶ ἡ πρᾶξις εἰς ἄνισα· ἀλλὰ πειρᾶται τῇ ζημίᾳ ἰσάζειν, ἀφαιρῶν τὸ κέρδος.[1] (λέγεται γὰρ ὡς ἁπλῶς εἰπεῖν ἐπὶ τοῖς τοιούτοις, κἂν εἰ μή τισιν οἰκεῖον ὄνομα εἴη, τὸ κέρδος, οἷον τῷ πατάξαντι, καὶ ἡ ζημία τῷ παθόντι· ἀλλ᾽ ὅταν γε μετρηθῇ τὸ πάθος, καλεῖται τὸ μὲν ζημία τὸ δὲ κέρδος.) ὥστε τοῦ μὲν πλείονος καὶ ἐλάττονος τὸ ἴσον μέσον, τὸ δὲ κέρδος καὶ ἡ ζημία τὸ μὲν πλέον τὸ δ᾽ ἔλαττον ἐναντίως, τὸ μὲν τοῦ ἀγαθοῦ πλέον τοῦ κακοῦ δ᾽ ἔλαττον κέρδος, τὸ δ᾽ ἐναντίον ζημία· ὧν ἦν μέσον τὸ ἴσον, ὃ λέγομεν εἶναι δίκαιον· ὥστε τὸ ἐπανορθωτικὸν δίκαιον ἂν εἴη τὸ μέσον ζημίας καὶ κέρδους.

1132 a

sense (and the unjust the unequal), is not the equal according to geometrical but according to arithmetical proportion.[a] For it makes no difference [b] whether a good man has defrauded a bad man or a bad one a good one, nor whether it is a good or a bad man that has committed adultery; the law looks only at the nature of the damage, treating the parties as equal, and merely asking whether one has done and the other suffered injustice, whether one inflicted and the other has sustained damage. Hence the unjust being here the unequal, the judge endeavours to equalize it: inasmuch as when one man has received and the other has inflicted a blow, or one has killed and the other been killed, the line[c] representing the suffering and doing of the deed is divided into unequal parts, but the judge endeavours to make them equal by the penalty or loss[d] he imposes, taking away the gain. (For the term 'gain' is used in a general way to apply to such cases, even though it is not strictly appropriate to some of them, for example to a person who strikes another, nor is 'loss' appropriate to the victim in this case; but at all events the results are called 'loss' and 'gain' respectively when the amount of the damage sustained comes to be estimated.) Thus, while the equal is a mean between more and less, gain and loss are at once both more and less in contrary ways, more good and less evil being gain and more evil and less good loss; and as the equal, which we pronounce to be just, is, as we said, a mean between them, it follows that Justice in Rectification[e] will be the mean between loss and gain.

Corrective Justice:
arithmetical proportion

7 Διὸ καὶ ὅταν ἀμφισβητῶσιν, ἐπὶ τὸν δικαστὴν καταφεύγουσιν· τὸ δ' ἐπὶ τὸν δικαστὴν ἰέναι ἰέναι ἐστὶν ἐπὶ τὸ δίκαιον· ὁ γὰρ δικαστὴς βούλεται εἶναι οἷον δίκαιον ἔμψυχον. καὶ ζητοῦσι δικαστὴν μέσον, καὶ καλοῦσιν ἔνιοι μεσιδίους, ὡς 8 ἐὰν τοῦ μέσου τύχωσι, τοῦ δικαίου τευξόμενοι. μέσον ἄρα τι τὸ δίκαιον, εἴπερ καὶ ὁ δικαστής. ὁ δὲ δικαστὴς ἐπανισοῖ, καὶ ὥσπερ γραμμῆς εἰς ἄνισα τετμημένης, ᾧ τὸ μεῖζον τμῆμα τῆς ἡμισείας ὑπερέχει, τοῦτ' ἀφεῖλε καὶ τῷ ἐλάττονι τμήματι προσέθηκεν. ὅταν δὲ δίχα διαιρεθῇ τὸ ὅλον, τότε φασὶν ἔχειν τὰ 9 αὑτῶν,[1] ὅταν λάβωσι τὸ ἴσον. ⌈τὸ δ' ἴσον[2] μέσον ἐστὶ τοῦ[3] μείζονος καὶ ἐλάττονος κατὰ τὴν ἀριθμητικὴν ἀναλογίαν.⌋ διὰ τοῦτο καὶ ὀνομάζεται δίκαιον, ὅτι δίχα ἐστίν, ὥσπερ ἂν εἴ τις 10 εἴποι δίχαιον, καὶ ὁ δικαστὴς διχαστής.* ἐπὰν γὰρ δύο ἴσων ἀφαιρεθῇ ἀπὸ θατέρου, πρὸς θάτερον δὲ προστεθῇ, δυσὶ τούτοις ὑπερέχει θάτερον· εἰ γὰρ ἀφῃρέθη μέν, μὴ προσετέθη δέ, ἐνὶ ἂν μόνον ὑπερεῖχεν. τοῦ μέσου ἄρα ἑνί, καὶ τὸ μέσον 11 ‹τοῦ›[4] ἀφ' οὗ ἀφῃρέθη ἑνί. τούτῳ ἄρα γνωριοῦμεν τί τε ἀφελεῖν δεῖ ἀπὸ τοῦ πλέον ἔχοντος, καὶ τί προσθεῖναι τῷ ἔλαττον ἔχοντι· ᾧ μὲν γὰρ τὸ μέσον ὑπερέχει,



7 This is why when disputes occur men have recourse to a judge. To go to a judge is to go to justice, for the ideal judge is so to speak justice personified. Also, men require a judge to be a middle term or *medium*—indeed in some places judges are called *mediators*—, for they think that if they get the mean they will get what is just. Thus the just is a sort of mean, inasmuch as the judge is a medium between the litigants.

8 Now the judge restores equality: if we represent the matter by a line divided into two unequal parts, he takes away from the greater segment that portion by which it exceeds one-half of the whole line, and adds it to the lesser segment. When the whole has been divided into two halves, people then say that they 'have their 9 own,' having got what is equal. [a]This is indeed the origin of the word *dikaion* (just): it means *dicha* (in half), as if one were to pronounce it *dichaion*; and a *dikast* (judge) is a *dichast* (halver). 10 The equal is a mean by way of arithmetical proportion between the greater and the less. For when of two equals[b] a part is taken from the one and added to the other, the latter will exceed the former by twice that part, since if it had been taken from the one but not added to the other, the latter would exceed the former by once the part in question only. Therefore the latter will exceed the mean by once the part, and the mean will exceed the former, from 11 which the part was taken, by once that part. This process then will enable us to ascertain what we ought to take away from the party that has too much and what to add to the one that has too little we must add to the one that has too little the amount whereby the mean between them exceeds him,

τοῦτο προσθεῖναι δεῖ τῷ ἔλαττον ἔχοντι, ᾧ δ' ὑπερέχεται, ἀφελεῖν ἀπὸ τοῦ μεγίστου. ἴσαι αἱ ἐφ' ὧν ΑΑ ΒΒ ΓΓ ἀλλήλαις· ἀπὸ τῆς ΑΑ ἀφῃρήσθω τὸ ΑΕ, καὶ προσκείσθω τῇ ΓΓ τὸ ἐφ' ᾧ ΓΔ, ὥστε ὅλη ἡ ΔΓΓ τῆς ΕΑ ὑπερέχει τῷ ΓΔ καὶ τῷ ΓΖ· τῆς ἄρα ΒΒ τῷ ΓΔ. [ἔστι[1] δὲ καὶ ἐπὶ τῶν ἄλλων τεχνῶν τοῦτο· ἀνῃροῦντο γὰρ ἄν, εἰ μὴ ἐποίει τὸ ποιοῦν, καὶ ὅσον καὶ οἷον καὶ τὸ πάσχον, ἔπασχε τοῦτο καὶ τοσοῦτον καὶ τοιοῦτον.]

13 Ἐλήλυθε δὲ τὰ ὀνόματα ταῦτα, ἥ τε ζημία καὶ τὸ κέρδος, ἐκ τῆς ἑκουσίου ἀλλαγῆς· τὸ μὲν γὰρ πλέον ἔχειν ἢ τὰ ἑαυτοῦ κερδαίνειν λέγεται, τὸ δ' ἔλαττον τῶν ἐξ ἀρχῆς ζημιοῦσθαι, οἷον 14 ἐν τῷ ὠνεῖσθαι καὶ πωλεῖν καὶ ἐν ὅσοις ἄλλοις ἄδειαν δέδωκεν ὁ νόμος· ὅταν δὲ μήτε πλέον μήτ' ἔλαττον ἀλλ' αὐτὰ δι' αὑτῶν γένηται, τὰ αὑτῶν φασὶν ἔχειν καὶ οὔτε ζημιοῦσθαι οὔτε κερδαίνειν. ὥστε κέρδους τινὸς καὶ ζημίας μέσον τὸ δίκαιόν ἐστι τῶν παρὰ τὸ ἑκούσιον, τὸ ἴσον ἔχειν καὶ πρότερον καὶ ὕστερον.

V Δοκεῖ δέ τισι καὶ τὸ ἀντιπεπονθὸς εἶναι ἁπλῶς δίκαιον, ὥσπερ οἱ Πυθαγόρειοι ἔφασαν· ὡρίζοντο γὰρ ἁπλῶς τὸ δίκαιον τὸ ἀντιπεπονθὸς ἄλλῳ.

2 Τὸ δ' ἀντιπεπονθὸς οὐκ ἐφαρμόττει οὔτ' ἐπὶ τὸ

Reciprocity

12 and take away from the greatest[a] of the three the amount by which the mean is exceeded by him. Let the lines[b] AA′, BB′, CC′ be equal to one another; let the segment AE be taken away from the line AA′, and let the segment CD be added to the line CC′, so that the whole line DCC′ exceeds the line EA′ by CD + CF; then DCC′ will exceed BB′ by CD. [c]

13 The terms 'loss' and 'gain' in these cases are borrowed from the operations of voluntary exchange. There, to have more than one's own is called gaining, and to have less than one had at the 14 outset is called losing, as for instance in buying and selling, and all other transactions sanctioned by law;[d] while if the result of the transaction is neither an increase nor a decrease, but exactly what the parties had of themselves, they say they 'have their own' and have neither lost nor gained. Hence Justice in involuntary transactions is a mean between gain and loss in a sense: it is to have after the transaction an amount equal to the amount one had before it.

V The view is also held by some that simple Reciprocity is Justice. This was the doctrine of the Pythagoreans, who defined the just simply as 'suffering reciprocally with another.'[e]

2 Reciprocity however does not coincide either with

Corrective Justice *ctd.*: Reciprocity

διανεμητικὸν δίκαιον οὔτ' ἐπὶ τὸ διορθωτικόν (καίτοι
βούλονταί γε τοῦτο λέγειν καὶ τὸ Ῥαδαμάνθυος δίκαιον·
εἴ κε πάθοι τά τ'[1] ἔρεξε, δίκη κ' ἰθεῖα γένοιτο).
πολλαχοῦ γὰρ διαφωνεῖ· οἷον εἰ ἀρχὴν ἔχων ἐπάταξεν, οὐ δεῖ
ἀντιπληγῆναι, καὶ εἰ ἄρχοντα ἐπάταξεν, οὐ πληγῆναι μόνον δεῖ
ἀλλὰ καὶ κολασθῆναι. ἔτι τὸ ἑκούσιον καὶ τὸ ἀκούσιον
διαφέρει πολύ. ἀλλ' ἐν μὲν ταῖς κοινωνίαις ταῖς ἀλλακτικαῖς
συνέχει τὸ τοιοῦτον δίκαιον, τὸ ἀντιπεπονθός, κατ' ἀναλογίαν[2]
καὶ μὴ κατ' ἰσότητα. τῷ ἀντιποιεῖν γὰρ ἀνάλογον συμμένει ἡ
πόλις· ἢ γὰρ τὸ κακῶς ζητοῦσιν, εἰ δὲ μή, δουλεία δοκεῖ εἶναι [εἰ
μὴ ἀντιποιήσει][3]· ἢ τὸ εὖ, εἰ δὲ μή, μετάδοσις οὐ γίνεται, τῇ
μεταδόσει δὲ συμμένουσιν. διὸ καὶ Χαρίτων ἱερὸν ἐμποδὼν[4]
ποιοῦνται, ἵν' ἀνταπόδοσις ᾖ· τοῦτο γὰρ ἴδιον χάριτος·
ἀνθυπηρετῆσαί τε γὰρ δεῖ τῷ χαρισαμένῳ καὶ πάλιν αὐτὸν
ἄρξαι χαριζόμενον.

Ποιεῖ δὲ τὴν ἀντίδοσιν τὴν κατ' ἀναλογίαν ἡ κατὰ διάμετρον
σύζευξις, οἷον οἰκοδόμος ἐφ' ᾧ Α, σκυτοτόμος ἐφ' ᾧ Β, οἰκία ἐφ'
ᾧ Γ, ὑπόδημα ἐφ' ᾧ Δ. δεῖ οὖν λαμβάνειν τὸν οἰκοδόμον παρὰ
τοῦ σκυτοτόμου τοῦ ἐκείνου ἔργου, καὶ αὐτὸν ἐκείνῳ

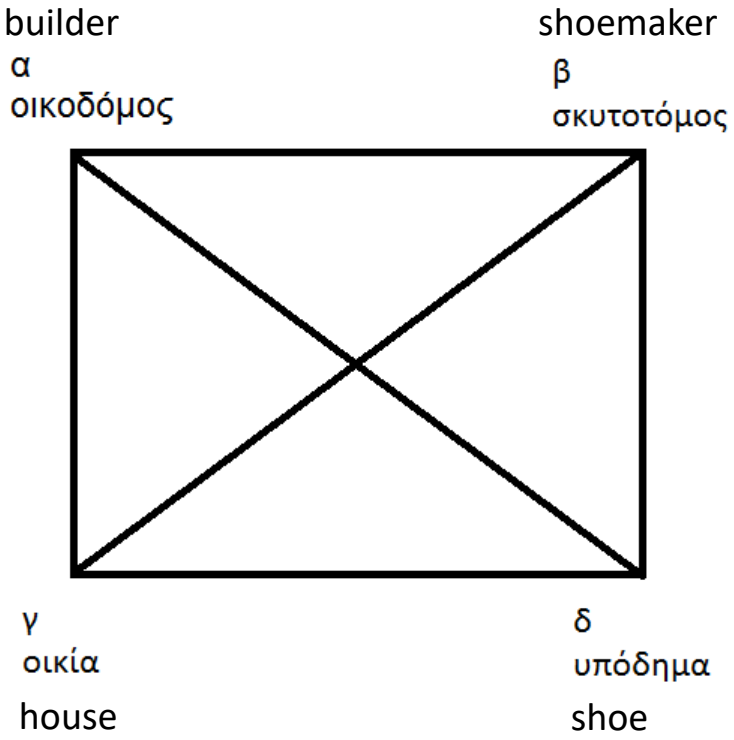
Reciprocity not always justice. It applies only in the interchange of services. It is the bond of states

3 Distributive or with Corrective Justice (although people mean to identify it with the latter when they quote the rule of Rhadamanthys—

An a man suffer even that which he did,
Right justice will be done).

4 For in many cases Reciprocity is at variance with Justice: for example, if an officer strikes a man, it is wrong for the man to strike him back; and if a man strikes an officer, it is not enough for
5 the officer to strike him, but he ought to be punished as well. Again, it makes a great difference whether an act was done with or
6 without the consent of the other party.[a] But in the interchange of services Justice in the form of Reciprocity is the bond that maintains the association: reciprocity, that is, on the basis of proportion, not on the basis of equality. The very existence of the state depends on proportionate reciprocity; for men demand that they shall be able to requite evil with evil—if they cannot, they feel they are in the position of slaves.—and to repay good with good—failing which, no exchange takes place, and it is exchange
7 that binds them together. This is why we set up a shrine of the Graces in a public place, to remind men to return a kindness; for that is a special characteristic of grace, since it is a duty not only to repay a service done one, but another time to take the initiative in doing a service oneself.

8 Now proportionate requital is effected by diagonal conjunction. For example, let A be a builder, B a shoemaker, C a house, and D a shoe. It is required that the builder shall receive from the shoemaker a portion of the product of his labour, and give him



Diagonal conjunction

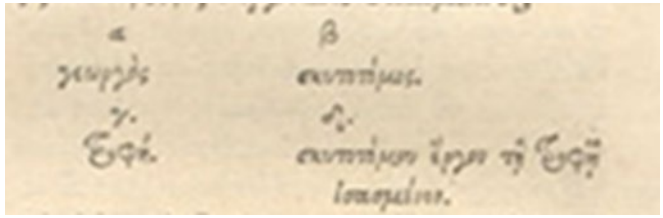
μεταδιδόναι τοῦ αὑτοῦ. ἐὰν οὖν πρῶτον ᾖ τὸ κατὰ τὴν ἀναλογίαν ἴσον, εἶτα τὸ ἀντιπεπονθὸς γένηται. ἔσται τὸ λεγόμενον· εἰ δὲ μή, οὐκ ἴσον, οὐδὲ συμμένει. οὐθὲν γὰρ κωλύει
9 κρεῖττον εἶναι τὸ θατέρου ἔργον ἢ τὸ θατέρου, δεῖ οὖν ταῦτα ἰσασθῆναι. ἔστι[1] δὲ τοῦτο καὶ ἐπὶ τῶν ἄλλων τεχνῶν· ἀνῃροῦντο γὰρ ἄν, εἰ μὴ ἐποίει[2] τὸ ποιοῦν, καὶ ὅσον καὶ οἷον καὶ τὸ πάσχον, ἔπασχε τοῦτο καὶ τοσοῦτον καὶ τοιοῦτον. οὐ γὰρ ἐκ δύο ἰατρῶν γίνεται κοινωνία, ἀλλ' ἐξ ἰατροῦ καὶ γεωργοῦ, καὶ ὅλως
10 ἑτέρων καὶ οὐκ ἴσων· ἀλλὰ τούτους δεῖ ἰσασθῆναι. διὸ πάντα συμβλητὰ δεῖ πως εἶναι, ὧν ἐστὶν ἀλλαγή. ἐφ' ὃ τὸ νόμισμ' ἐλήλυθε, καὶ γίνεταί πως μέσον· πάντα γὰρ μετρεῖ, ὥστε καὶ τὴν ὑπεροχὴν καὶ τὴν ἔλλειψιν, πόσα ἄττα δὴ ὑποδήματ' ἴσον οἰκίᾳ ἢ τροφῇ. δεῖ τοίνυν ὅπερ οἰκοδόμος πρὸς σκυτοτόμον, τοσαδὶ ὑποδήματα

Money functions as a common measure to make things comparable

a portion of the product of his own. Now[a] if proportionate equality between the products be first established, and then reciprocation take place, the requirement indicated will have been achieved; but if this is not done, the bargain is not equal, and intercourse does not continue. For it may happen that the product of one of the parties is worth more than that of the other, and in that case
9 therefore they have to be equalized. This holds good with the other arts as well; for they would have passed out of existence if the active element did not produce, and did not receive the equivalent in quantity and quality of what the passive element receives.[b] For an association for interchange of services is not formed between two physicians, but between a physician and a farmer, and generally between persons who are different, and who
10 may be unequal, though in that case they have to be equalized. Hence all commodities exchanged must be able to be compared in some way. It is to meet this requirement that men have introduced money; money constitutes in a manner a middle term, for it is a measure of all things, and so of their superior or inferior value, that is to say, how many shoes are equivalent to a house or to a given quantity of food. As therefore a builder is to a shoemaker,[c] so must such and such a number of

πρὸς οἰκίαν [ἢ τροφήν].[1] εἰ γὰρ μὴ τοῦτο, οὐκ ἔσται ἀλλαγὴ
11 οὐδὲ κοινωνία· τοῦτο δ', εἰ μὴ ἴσα εἴη πως, οὐκ ἔσται.—δεῖ ἄρα
ἑνί τινι πάντα μετρεῖσθαι, ὥσπερ ἐλέχθη πρότερον. τοῦτο δ'
ἐστὶ τῇ μὲν ἀληθείᾳ ἡ χρεία, ἣ πάντα συνέχει· εἰ γὰρ μηθὲν
δέοιντο ἢ μὴ ὁμοίως, ἢ οὐκ ἔσται ἀλλαγὴ ἢ οὐχ ἡ αὐτή. οἷον δ'
ὑπάλλαγμα τῆς χρείας τὸ νόμισμα γέγονε κατὰ συνθήκην· καὶ
διὰ τοῦτο τοὔνομα ἔχει νόμισμα, ὅτι οὐ φύσει ἀλλὰ νόμῳ ἐστί,
12 καὶ ἐφ' ἡμῖν μεταβαλεῖν καὶ ποιῆσαι ἄχρηστον. ἔσται δὴ
ἀντιπεπονθός, ὅταν ἰσασθῇ, ὥστε ὅπερ γεωργὸς πρὸς
σκυτοτόμον, τὸ ἔργον τὸ τοῦ σκυτοτόμου πρὸς τὸ τοῦ γεωργοῦ.
εἰς σχῆμα δ' ἀναλογίας λογίας [οὐ][2] δεῖ ἄγειν, ὅταν
ἀλλάξωνται· εἰ δὲ μή, ἀμφοτέρας ἕξει τὰς ὑπεροχὰς τὸ ἕτερον
ἄκρον· ἀλλ' ὅταν ἔχωσι τὰ αὑτῶν, οὕτως ἴσοι, καὶ κοινωνοί, ὅτι
αὕτη ἡ ἰσότης δύναται ἐπ' αὐτῶν γίνεσθαι (γεωργὸς Α, τροφὴ
Γ, σκυτοτόμος Β, τὸ ἔργον αὐτοῦ τὸ ἰσασμένον Δ)· εἰ δ' οὕτω
13 μὴ ἦν ἀντιπεπονθέναι, οὐκ ἂν ἦν κοινωνία. ὅτι δ' ἡ χρεία
συνέχει ὥσπερ ἕν τι ὄν, δηλοῖ ὅτι ὅταν μὴ ἐν χρείᾳ ὦσιν
ἀλλήλων ἢ ἀμφότεροι ἢ ἄτερος, οὐκ ἀλλάττονται

Need (*chreia*) is the common measure that holds everything together



shoes be to a house [or to a given quantity of food][a]; for without this reciprocal proportion, there can be no exchange and no association; and it cannot be secured unless the commodities in question be equal in a sense.

11 It is therefore necessary that all commodities shall be measured by some one standard, as was said before. And this standard is in reality demand, which is what holds everything together, since if men cease to have wants or if their wants alter, exchange will go on no longer, or will be on different lines. But demand has come to be conventionally represented by money; this is why money is called *nomisma* (customary currency), because it does not exist by nature but by custom (*nomos*), and can be altered and rendered useless[b] at will.

12 There will therefore be reciprocal proportion when the products have been equated, so that as farmer is to shoemaker,[c] so may the shoemaker's product be to the farmer's product. And when they exchange their products they must reduce them to the form of a proportion, otherwise one of the two extremes will have both the excesses [d]; whereas when they have their own,[e] they then are equal, and can form an association together, because equality in this sense can be established in their case (farmer A, food C, shoemaker B, shoemaker' product equalized D[f]); Whereas if it were impossible for reciprocal proportion to be effected in this way, there could be no association between them.

13 That it is demand which, by serving as a single standard, holds such an association together, is shown by the fact that, when there is no demand for mutual service on the part of both or at least of one of the parties, no exchange takes place between

[ὥσπερ[1] ὅταν οὗ ἔχει[2] αὐτὸς δέηταί τις, οἷον οἴνου διδόντες
14 σίτου ἐξαγωγήν[3]]. δεῖ ἄρα τοῦτο ἰσασθῆναι. ὑπὲρ δὲ τῆς
μελλούσης ἀλλαγῆς, εἰ νῦν μηδὲν δεῖται, ὅτι ἔσται ἐὰν δεηθῇ,
τὸ νόμισμα οἷον ἐγγυητής ἐσθ' ἡμῖν· δεῖ γὰρ τοῦτο φέροντι
εἶναι λαβεῖν. πάσχει μὲν οὖν καὶ τοῦτο τὸ αὐτό, οὐ γὰρ ἀεὶ ἴσον
δύναται· ὅμως δὲ βούλεται μένειν μᾶλλον. διὸ δεῖ πάντα
τετιμῆσθαι· οὕτω γὰρ ἀεὶ ἔσται ἀλλαγή, εἰ δὲ τοῦτο, κοινωνία.
τὸ δὴ νόμισμα ὥσπερ μέτρον σύμμετρα ποιῆσαν ἰσάζει· οὔτε
γὰρ ἂν μὴ οὔσης ἀλλαγῆς κοινωνία ἦν, οὔτ' ἀλλαγὴ ἰσότητος
μὴ οὔσης, οὔτ' ἰσότης μὴ οὔσης συμμετρίας. τῇ μὲν οὖν
ἀληθείᾳ ἀδύνατον τὰ τοσοῦτον διαφέροντα σύμμετρα γενέσθαι,
15 πρὸς δὲ τὴν χρείαν ἐνδέχεται ἱκανῶς. ἓν δή τι δεῖ εἶναι, τοῦτο δ'
ἐξ ὑποθέσεως (διὸ νόμισμα καλεῖται)· τοῦτο γὰρ πάντα ποιεῖ
σύμμετρα· μετρεῖται γὰρ πάντα νομίσματι. οἰκία Α, μναῖ δέκα
Β, κλίνη Γ. τὸ δὴ Α τοῦ Β ἥμισυ (εἰ πέντε μνῶν

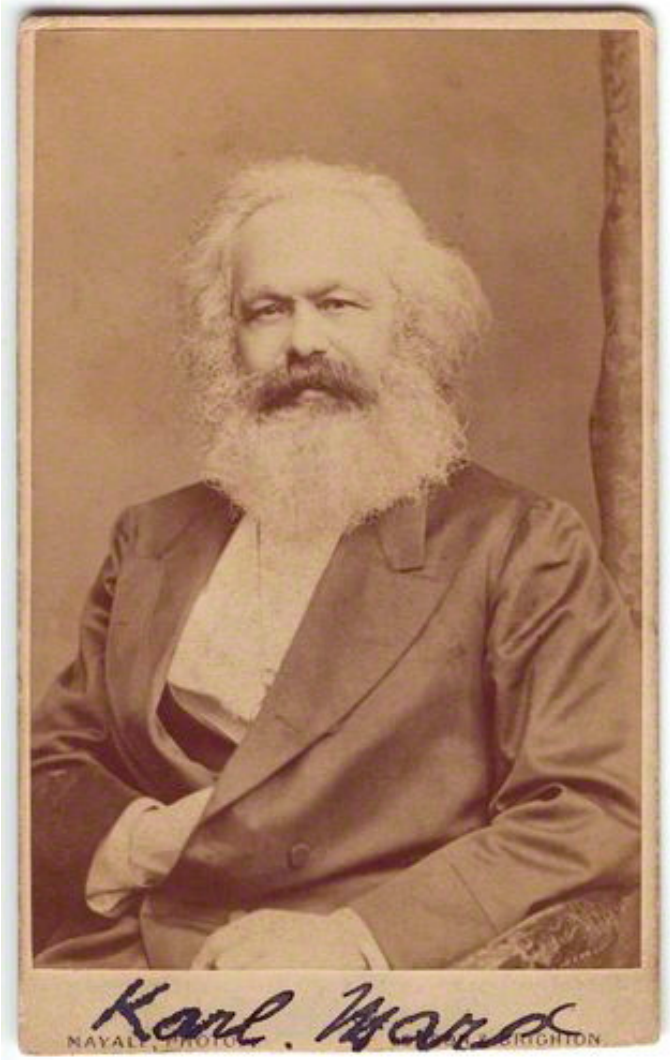
ἀξία ἡ οἰκία, ἢ ἴσον), ἡ δὲ κλίνη δέκατον μέρος τὸ Γ τοῦ Β·
16 δῆλον τοίνυν πόσαι κλῖναι ἴσον οἰκίᾳ, ὅτι πέντε. ὅτι δ' οὕτως ἡ
ἀλλαγὴ ἦν πρὶν τὸ νόμισμα εἶναι, δῆλον· διαφέρει γὰρ οὐδὲν ἢ
κλῖναι πέντε ἀντὶ οἰκίας, ἢ ὅσου αἱ πέντε κλῖναι.

17 Τί μὲν οὖν τὸ ἄδικον καὶ τί τὸ δίκαιόν ἐστιν, εἴρηται.

them [as when someone needs something that one has oneself, for
instance, the state offering a license to export corn in exchange for
wine].[a] This inequality of demand has therefore to be equalized.

14 Now money serves us as a guarantee of exchange in the future:
supposing we need nothing at the moment, it ensures that
exchange shall be possible when a need arises, for it meets the
requirement of something we can produce in payment so as to
obtain the thing we need. Money, it is true, is liable to the same
fluctuation of demand as other commodities, for its purchasing
power varies at different times; but it tends to be comparatively
constant. Hence the proper thing is for all commodities to have
their prices fixed; this will ensure that exchange, and consequently
association, shall always be possible. Money then serves as a
measure which makes things commensurable and so reduces them
to equality. If there were no exchange there would be no
association, and there can be no exchange without equality, and no
equality without commensurability. Though therefore it is
impossible for things so different to become commensurable in
the strict sense, our demand furnishes a sufficiently accurate
15 common measure for practical purposes. There must therefore be
some one standard, and this accepted by agreement (which is why
it is called *nomisma*, customary currency); for such a standard
makes all things commensurable, since all things can be measured
by money. Let A be a house, B ten minae and C a bedstead. Then
A = B/2 (supposing the house to be worth, or equal to, five minae),

16 and C (the bedstead) = B/10; it is now clear how many bedsteads
are equal to one house, namely five. It is clear that before money
existed this is how the rate of exchange was actually stated—five
beds for a house—since there is no real difference between that
and the price of five beds for a house.



1818-1883

Das Kapital.

Kritik der politischen Oekonomie.

Von

Karl Marx.

Erster Band.

Buch I: Der Produktionsprocess des Kapitals.

Zweite verbesserte Auflage.

Das Recht der Uebersetzung wird vorbehalten.

Hamburg
Verlag von Otto Meissner.
1872.

Die beiden zuletzt entwickelten Eigenthümlichkeiten der Aequivalentform werden noch fassbarer, wenn wir zu dem grossen Forscher

zurückgehn, der die Werthform, wie so viele Denkformen, Gesellschaftsformen und Naturformen zuerst analysirt hat. Es ist diess Aristoteles.

Zunächst spricht Aristoteles klar aus, dass die Geldform der Waare nur die weiter entwickelte Gestalt der einfachen Werthform ist, d. h. des Ausdrucks des Werths einer Waare in irgend einer beliebigen andren Waare, denn er sagt:

„5 Polster = 1 Haus“ („*Κλίναι πέντε ἀντὶ οἰκίας*“)

„unterscheidet sich nicht“ von:

„5 Polster = so und so viel Geld“

(„*Κλίναι πέντε ἀντὶ . . . ὅσου αἱ πέντε κλίναι*“).

Er sieht ferner ein, dass das Werthverhältniss, worin dieser Werthausdruck steckt, seinerseits bedingt, dass das Haus dem Polster qualitativ gleichgesetzt wird, und dass diese sinnlich verschiednen Dinge ohne solche Wesensgleichheit nicht als kommensurable Grössen auf einander beziehbar wären. „Der Austausch“, sagt er, „kann nicht sein ohne die Gleichheit, die Gleichheit aber nicht ohne die Kommensurabilität“ („*οὔτ' ἰσότης μὴ οὔσης συμμετρίας*“). Hier aber stutzt er und giebt die weitere Analyse der Werthform auf. „Es ist aber in Wahrheit unmöglich („*τῇ μὲν οὖν ἀληθείᾳ ἀδύνατον*“), dass so verschiedenartige Dinge kommensurabel“, d. h. qualitativ gleich seien. Diese Gleichsetzung kann nur etwas der wahren Natur der Dinge Fremdes sein, also nur „Nothbehelf für das praktische Bedürfniss“.

Aristoteles sagt uns also selbst, woran seine weitere Analyse scheitert, nämlich am Mangel des Werthbegriffs. Was ist das Gleiche, d. h. die gemeinschaftliche Substanz, die das Haus für den Polster im Werthausdruck des Polsters vorstellt? So etwas kann „in Wahrheit nicht existiren“, sagt Aristoteles. Warum? Das Haus stellt dem Polster gegenüber ein Gleiches vor, soweit es das in Beiden, dem Polster und dem Haus, wirklich Gleiche vorstellt. Und das ist — menschliche Arbeit.

Dass aber in der Form der Waarenwerthe alle Arbeiten als gleiche menschliche Arbeit und daher als gleichgeltend ausgedrückt sind, konnte Aristoteles nicht aus der Werthform selbst herauslesen, weil die griechische Gesellschaft auf der Sklavenarbeit beruhte, daher die Ungleichheit der Menschen und ihrer Arbeitskräfte zur Naturbasis hatte. Das Geheimniss des Werthausdrucks, die Gleichheit und gleiche

Gültigkeit aller Arbeiten, weil und insofern sie menschliche Arbeit überhaupt sind, kann nur entziffert werden, sobald der Begriff der menschlichen Gleichheit bereits die Festigkeit eines Volksvorurtheils besitzt. Das ist aber erst möglich in einer Gesellschaft, worin die Waarenform die allgemeine Form des Arbeitsprodukts, also auch das Verhältniss der Menschen zu einander als Waarenbesitzer das herrschende gesellschaftliche Verhältniss ist. Das Genie des Aristoteles glänzt grade darin, dass er im Werthausdruck der Waaren ein Gleichheitsverhältniss entdeckt. Nur die historische Schranke der Gesellschaft, worin er lebte, verhindert ihn herauszufinden, worin denn „in Wahrheit“ diess Gleichheitsverhältniss besteht.

Thus the equivalent form has a third peculiarity: private labour takes the form of its opposite, namely labour in its directly social form.

The two peculiarities of the equivalent form we have just developed will become still clearer if we go back to the great investigator who was the first to analyse the value-form, like so many other forms of thought, society and nature. I mean Aristotle.

In the first place, he states quite clearly that the money-form of the commodity is only a more developed aspect of the simple form of value, i.e. of the expression of the value of a commodity in some other commodity chosen at random, for he says:

5 beds = 1 house

(Κλῖναι πέντε ἀντὶ οἰκίας)

is indistinguishable from

5 beds = a certain amount of money

(Κλῖναι πέντε ἀντὶ . . . ὅσου αἱ πέντε κλῖναι)

He further sees that the value-relation which provides the framework for this expression of value itself requires that the house should be qualitatively equated with the bed, and that these things, being distinct to the senses, could not be compared with each other as commensurable magnitudes if they lacked thi essential identity. 'There can be no exchange,' he says, 'withou equality, and no equality without commensurability' ('οὔτ ἰσοτης μὴ οὔσης συμμετρίας'). Here, however, he falters, an abandons the further analysis of the form of value. 'It is, how ever, in reality, impossible ("τῇ μὲν οὖν ἀληθείᾳ ἀδύνατον") tha such unlike things can be commensurable,' i.e. qualitatively equal This form of equation can only be something foreign to the tru nature of the things, it is therefore only 'a makeshift for practica purposes'.*

Aristotle therefore himself tells us what prevented any furthe analysis: the lack of a concept of value. What is the homogeneou element, i.e. the common substance, which the house represent from the point of view of the bed, in the value expression for th bed? Such a thing, in truth, cannot exist, says Aristotle. But wh not? Towards the bed, the house represents something equal, i so far as it represents what is really equal, both in the bed and th house. And that is – human labour.

However, Aristotle himself was unable to extract this fact, that

*The quotations in this paragraph are from Aristotle, *Nicomachean Ethics* Bk V, Ch. 5 (Loeb edition, London, 1926, pp. 287–9).

KARL MARX

Capital

A Critique of
Political Economy

Volume One

Introduced by
Ernest Mandel

Translated by
Ben Fowkes

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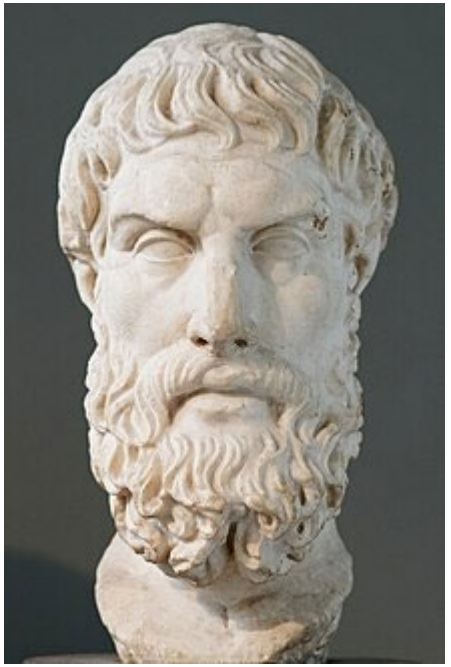
in the form of commodity-values, all labour is expressed as equal human labour and therefore as labour of equal quality, by inspection from the form of value, because Greek society was founded on the labour of slaves, hence had as its natural basis the inequality of men and of their labour-powers. The secret of the expression of value, namely the equality and equivalence of all kinds of labour because and in so far as they are human labour in general, could not be deciphered until the concept of human equality had already acquired the permanence of a fixed popular opinion. This however becomes possible only in a society where the commodity-form is the universal form of the product of labour, hence the dominant social relation is the relation between men as possessors of commodities. Aristotle's genius is displayed precisely by his discovery of a relation of equality in the value-expression of commodities. Only the historical limitation inherent in the society in which he lived prevented him from finding out what 'in reality' this relation of equality consisted of.

Ancient Greek & Roman Economic Thought

- Epicurus (341-270 BCE)
- Stoics
  - Zeno of Citium(334-262 BCE)
  - Chrysippus of Soli (279-206 BCE)
  - Cicero (106-43 BCE)
  - Seneca (4 BCE-65 CE)
  - Epictetus (50-135 CE)
  - Marcus Aurelius(121-180 CE)



Roman bust of Epicurus

Romans on agriculture

- For the Roman agronomists e.g., Cato, Varro, Columela, Palladius, See in French *Les agronomes latins : Caton, Varron, Columelle, Palladius: avec la traduction en français / publiés sous la direction de M. Nisard*, (1864). Marcus Terentius Varro, *On Agriculture* and Marcus Porcius Cato, *On Agriculture* from the website of Bill Thayer who also has them in the Latin original. For the Latin texts see the anthology *Scriptores rei rusticae veteres Latini Cato, Varro, Columella, Palladius. Quibus nunc accedit Vegetius de mulo-medicina et Gargilii Martialis fragmentum. Adiectae notae et lexicon rei rusticae curante I.M. Gesnero* (1735) or the Internet Archive in general. Gargilius Martialis, Quintus; Vegetius Renatus, Flavius; Cato, Marcus Porcius, 234-149 B.C; Columella, Lucius Junius Moderatus; Palladius, Rutilius Taurus Aemilianus; Varro, Marcus Terentius. Rerum rusticarum

CATO *On Agriculture*

COLUMELLA *On Trees*

HESIOD *Works and Days*

PHILO *Concerning Noah's Work as a Planter*

PHILO *On Husbandry*

PHILOSTRATUS THE ELDER *Imagines 1.31. Xenia*

PHILOSTRATUS THE ELDER *Imagines 2.34. Horae*

VARRO *On Agriculture*

VIRGIL *Georgics*

[VIRGIL] *Appendix Vergiliana. Dirae*

[VIRGIL] *Appendix Vergiliana. Moretum*

[VIRGIL] *Appendix Vergiliana. Priapea*

VITRUVIUS *On Architecture*

XENOPHON OF ATHENS *Oeconomicus*

The Great Gap

- Joseph A. Schumpeter "The Great Gap"
- Islamic Economic Thought
- Economic Thought in Byzantium

M. Yassine Essid, "Islamic Economic Thought", In S. Todd Lowry (ed.), *Pre-Classical Economic Thought: From the Greeks to the Scottish Enlightenment*, [Series: Recent Economic Thought, Vol. 10], Springer 1987.

Angeliki E. Laiou, "Economic Thought and Ideology", in: eadem (ed.), *The Economic History of Byzantium: From the Seventh through the Fifteenth Century*, Dumbarton Oaks, 2007 [online: http://www.doaks.org/resources/publications/doaks-online-publications/economic-history-of-byzantium]

Ancient Greek and Scholastic Economic Thought

Scholastic Economic Thought

Scholastic Economic Thought

- 13th – 16th c.
- Roman Catholic Theologians
- Thought based on the
  - Bible
  - Fathers of the Church
  - Roman Law
  - Aristotle

Laurentius de Voltolina: *Liber ethicorum des Henricus de Allemania.* Henricus de Allemania (1245-1340) and his students. Bologna School. Painting on parchment, 2nd half of 14th c.

Albertus Magnus (1193/1206 –1280)

differentia secundum labores et expensae

opus diximus esse usum vel utilitatem vel indigentiam

Value according to labour and expenses

Value according to utility and need

St. Thomas Aquinas (1225-1274)

The Triumph of St. Thomas Aquinas: Aristotle on his right, Plato on his left.
At his feet, the great Arab philosopher Averroes

Benozzo Gozzoli, The Triumph of St. Thomas Aquinas (1470-5)

Benozzo di Lese di Sandro, dit GOZZOLI
Florence, vers 1420/1422 - Pistoia, 1497

Le Triomphe de saint Thomas d'Aquin
Vers 1470 - 1475
H. : 2,30 m. ; L. : 1,02 m.

http://cartelen.louvre.fr/cartelen/visite?srv=car_not_frame&idNotice=1203

St. Thomas Aquinas (1225-1274)

- *Summa theologica*
- *Sententiae libri Ethicorum*

SANCTI

THOMAE AQUINATIS

DOCTORIS ANGELICI

OPERA OMNIA

IUSSU IMPENSAQUE

LEONIS XIII P. M.

EDITA

TOMUS NONUS

SECUNDA SECUNDAE SUMMAE THEOLOGIAE

A QUAESTIONE LVII AD QUAESTIONEM CXXII

AD CODICES MANUSCRIPTOS VATICANOS EXACTA

CUM COMMENTARIIS

THOMAE DE VIO CAIETANI ORDINIS PRAEDICATORUM

S. R. E. CARDINALIS

CURA ET STUDIO

FRATRUM EIUSDEM ORDINIS

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ROMAE
EX TYPOGRAPHIA POLYGLOTTA
S. C. DE PROPAGANDA FIDE
MDCCCXCVII

QUAESTIO SEPTUAGESIMASEPTIMA

DE FRAUDULENTIA QUAE COMMITTITUR IN EMPTIONIBUS ET VENDITIONIBUS

IN QUATUOR ARTICULOS DIVISA

DEINDE considerandum est de peccatis quae * Cf. qu. LXIV, Introd. sunt circa voluntarias commutationes *. Et primo, de fraudulentia quae committitur in emptionibus et venditionibus; secundo, de usura, * Qu. LXXVIII. quae fit in mutuis *. Circa alias enim commutationes voluntarias non invenitur aliqua species peccati quae distinguatur a rapina vel furto. Circa primum quaeruntur quatuor.

Primo: de iniusta venditione ex parte pretii: scilicet, utrum liceat aliquid vendere plus quam valeat.

Secundo: de iniusta venditione ex parte rei venditae.

Tertio: utrum teneatur venditor dicere vitium rei venditae.

Quarto: utrum licitum sit aliquid, negotiando, plus vendere quam emptum sit.

ARTICULUS PRIMUS

UTRUM ALIQUIS LICITE POSSIT VENDERE REM PLUS QUAM VALEAT

AD PRIMUM SIC PROCEDITUR. Videtur quod aliquis licite possit vendere rem plus quam valeat. Iustum enim in commutationibus humanae vitae secundum leges civiles determinatur. Sed secundum eas * licitum est emptori et venditori ut se invicem decipiant: quod quidem fit inquantum venditor plus vendit rem quam valeat, emptor autem minus α quam valeat. Ergo licitum est quod aliquis vendat rem plus quam valeat.

* Cod. IV, XLIV, de Rescind. Vend., S. 15.

α

2. PRAETEREA, illud quod est omnibus commune videtur esse naturale et non esse peccatum. Sed sicut Augustinus refert, XIII *de Trin.* *, dictum cuiusdam mimi fuit ab omnibus acceptatum: *Vili vultis emere, et care vendere.* Cui etiam consonat quod dicitur *Prov.* XX *: *Malum est, Malum est, dicit omnis emptor: et cum recesserit, gloriatur.* Ergo licitum est aliquid carius vendere et vilius emere quam valeat.

* Cap. III.

* Vers. 14.

3. PRAETEREA, non videtur esse illicitum si ex conventione agatur id quod fieri debet ex debito honestatis. Sed secundum Philosophum, in VIII *Ethic.* *, in amicitia utilis recompensatio fieri debet secundum utilitatem quam consecutus est ille qui beneficium suscepit: quae quidem quandoque excedit valorem rei datae; sicut contingit cum aliquis multum re aliqua indiget, vel ad periculum evitandum vel ad aliquod commodum consequendum. Ergo licet in contractu emptionis et venditionis aliquid dare pro maiori pretio quam valeat.

* Cap. XIII, n. II. - S. Th. lect. XIII.

* Vers. 12.

SED CONTRA EST quod dicitur Matth. VII *: *Omnia quaecumque vultis ut faciant vobis homines, et vos facite illis.* Sed nullus vult sibi rem vendi carius quam valeat. Ergo nullus debet alteri vendere rem carius quam valeat.

RESPONDEO DICENDUM quod fraudem adhibere ad hoc quod aliquid plus iusto pretio vendatur, omnino peccatum est: inquantum aliquis decipit proximum in damnum ipsius. Unde et Tullius dicit, in libro *de Offic.* *: *Tollendum est ex β rebus contrahendis omne mendacium: non licitatorem venditor, non qui contra se licitetur emptor apponet.*

* Lib. III, cap. XV, al. 16, 3.

β

Si autem fraus deficit, tunc de emptione et venditione dupliciter loqui possumus. Uno modo, secundum se. Et secundum hoc emptio et venditio videtur esse introducta pro communi utilitate utriusque: dum scilicet unus indiget re alterius et e converso, sicut patet per Philosophum, in I *Polit.* * Quod autem pro communi utilitate est inductum, non debet esse magis in gravamen unius quam alterius. Et ideo debet secundum aequalitatem rei inter eos contractus institui. Quantitas autem rerum quae in usum hominis veniunt γ mensuratur secundum pretium datum: ad quod est inventum numisma, ut dicitur in V *Ethic.* * Et ideo si vel pretium excedat quantitatem valoris rei, vel e converso res excedat pretium, tolletur iustitiae aequalitas. Et ideo carius vendere aut vilius emere rem quam valeat est secundum se iniustum et illicitum.

* Cap. III, n. II sqq. - S. Th. lect. VII.

γ

* Cap. V, n. II. - S. Th. lect. IX.

Alio modo possumus loqui de emptione et venditione secundum quod per accidens cedit in utilitatem unius et detrimentum alterius: puta cum aliquis multum indiget habere rem aliquam, et alius laeditur si ea careat. Et in tali casu iustum pretium erit ut non solum respiciatur ad rem quae venditur, sed ad damnum quod venditor ex venditione incurrit. Et sic licite poterit aliquid vendi plus quam valeat secundum se, quamvis non vendatur plus quam valeat habenti.

α minus, - emit addit B.

β ex. - igitur in P; eadem pro non altero loco, ecc.

γ rerum..., veniunt. - rei... veniunt BEFpG, rerum... venit D, rei... venit P.

(D) BY SINS COMMITTED IN BUYING AND SELLING (Question [77])

OF CHEATING, WHICH IS COMMITTED IN BUYING AND SELLING (FOUR ARTICLES)

Deinde considerandum est de peccatis quae sunt circa voluntarias commutationes.

- Et primo, de fraudulentia quae committitur in emptionibus et venditionibus;
- secundo, de usura, quae fit in mutuis.

Circa alias enim commutationes voluntarias non invenitur aliqua species peccati quae distinguatur a rapina vel furto.

Circa primum quaeruntur quatuor.

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Tertio, utrum teneatur venditor dicere vitium rei venditae.

Quarto, utrum licitum sit aliquid, negotiando, plus vendere quam emptum sit.

We must now consider those sins which relate to voluntary commutations.

- First, we shall consider cheating, which is committed in buying and selling:
- secondly, we shall consider usury, which occurs in loans.

In connection with the other voluntary commutations no special kind of sin is to be found distinct from rapine and theft.

Under the first head there are four points of inquiry:

(1) Of unjust sales as regards the price; namely, whether it is lawful to sell a thing for more than its worth?

(2) Of unjust sales on the part of the thing sold;

(3) Whether the seller is bound to reveal a fault in the thing sold?

(4) Whether it is lawful in trading to sell a thing at a higher price than was paid for it?

Whether it is lawful to sell a thing for more than its worth?

Ad primum sic proceditur. Videtur quod aliquis licite possit vendere rem plus quam valeat. Iustum enim in commutationibus humanae vitae secundum leges civiles determinatur. Sed secundum eas licitum est emptori et venditori ut se invicem decipiant, quod quidem fit inquantum venditor plus vendit rem quam valeat, emptor autem minus quam valeat. Ergo licitum est quod aliquis vendat rem plus quam valeat.

Objection 1: It would seem that it is lawful to sell a thing for more than its worth. In the commutations of human life, civil laws determine that which is just. Now according to these laws it is just for buyer and seller to deceive one another (Cod. IV, xliv, De Rescind. Vend. 8,15): and this occurs by the seller selling a thing for more than its worth, and the buyer buying a thing for less than its worth. Therefore it is lawful to sell a thing for more than its worth

Praeterea, illud quod est omnibus commune videtur esse naturale et non esse peccatum. Sed sicut Augustinus refert, XIII de Trin., dictum cuiusdam mimi fuit ab omnibus acceptatum, vili vultis emere, et care vendere. Cui etiam consonat quod dicitur Prov. XX, malum est, malum est, dicit omnis emptor, et cum recesserit, gloriatur. Ergo licitum est aliquid carius vendere et vilius emere quam valeat.

Objection 2: Further, that which is common to all would seem to be natural and not sinful. Now Augustine relates that the saying of a certain jester was accepted by all, "You wish to buy for a song and to sell at a premium," which agrees with the saying of Prov. 20:14, "It is naught, it is naught, saith every buyer: and when he is gone away, then he will boast." Therefore it is lawful to sell a thing for more than its worth.

Praeterea, non videtur esse illicitum si ex conventione agatur id quod fieri debet ex debito honestatis. Sed secundum philosophum, in VIII Ethic., in amicitia utilis recompensatio fieri debet secundum utilitatem quam consecutus est ille qui beneficium suscepit, quae quidem quandoque excedit valorem rei datae; sicut contingit cum aliquis multum re aliqua indiget, vel ad periculum evitandum vel ad aliquod commodum consequendum. Ergo licet in contractu emptionis et venditionis aliquid dare pro maiori pretio quam valeat.

Objection 3: Further, it does not seem unlawful if that which honesty demands be done by mutual agreement. Now, according to the Philosopher (Ethic. viii, 13), in the friendship which is based on utility, the amount of the recompense for a favor received should depend on the utility accruing to the receiver: and this utility sometimes is worth more than the thing given, for instance if the receiver be in great need of that thing, whether for the purpose of avoiding a danger, or of deriving some particular benefit. Therefore, in contracts of buying and selling, it is lawful to give a thing in return for more than its worth.

Sed contra est quod dicitur Matth. VII, omnia quaecumque vultis ut faciant vobis homines, et vos facite illis. Sed nullus vult sibi rem vendi carius quam valeat. Ergo nullus debet alteri vendere rem carius quam valeat.

On the contrary, It is written (Mt. 7:12): "All things . . . whatsoever you would that men should do to you, do you also to them." But no man wishes to buy a thing for more than its worth. Therefore no man should sell a thing to another man for more than its worth.

Respondeo dicendum quod fraudem adhibere ad hoc quod aliquid plus iusto pretio vendatur, omnino peccatum est, inquantum aliquis decipit proximum in damnum ipsius. Unde et Tullius dicit, in libro de Offic., tollendum est ex rebus contrahendis omne mendacium, non licitatorem venditor, non qui contra se licitetur emptor apponet.

I answer that, It is altogether sinful to have recourse to deceit in order to sell a thing for more than its just price, because this is to deceive one's neighbor so as to injure him. Hence Tully says (De Offic. iii, 15): "Contracts should be entirely free from double-dealing: the seller must not impose upon the bidder, nor the buyer upon one that bids against him."

Si autem fraus deficit, tunc de emptione et venditione dupliciter loqui possumus. Uno modo, secundum se. Et secundum hoc emptio et venditio videtur esse introducta pro communi utilitate utriusque, dum scilicet unus indiget re alterius et e converso, sicut patet per philosophum, in I Polit. Quod autem pro communi utilitate est inductum, non debet esse magis in gravamen unius quam alterius. Et ideo debet secundum aequalitatem rei inter eos contractus institui. Quantitas autem rerum quae in usum hominis veniunt mensuratur secundum pretium datum, ad quod est inventum numisma, ut dicitur in V Ethic. Et ideo si vel pretium excedat quantitatem valoris rei, vel e converso res excedat pretium, tolletur iustitiae aequalitas. Et ideo carius vendere aut vilius emere rem quam valeat est secundum se iniustum et illicitum.

But, apart from fraud, we may speak of buying and selling in two ways. First, as considered in themselves, and from this point of view, buying and selling seem to be established for the common advantage of both parties, one of whom requires that which belongs to the other, and vice versa, as the Philosopher states (Polit. i, 3). Now whatever is established for the common advantage, should not be more of a burden to one party than to another, and consequently all contracts between them should observe equality of thing and thing. Again, the quality of a thing that comes into human use is measured by the price given for it, for which purpose money was invented, as stated in Ethic. v, 5. Therefore if either the price exceed the quantity of the thing's worth, or, conversely, the thing exceed the price, there is no longer the equality of justice: and consequently, to sell a thing for more than its worth, or to buy it for less than its worth, is in itself unjust and unlawful.

Alio modo possumus loqui de emptione et venditione secundum quod per accidens cedit in utilitatem unius et detrimentum alterius, puta cum aliquis multum indiget habere rem aliquam, et alius laeditur si ea careat. Et in tali casu iustum pretium erit ut non solum respiciatur ad rem quae venditur, sed ad damnum quod venditor ex venditione incurrit. Et sic licite poterit aliquid vendi plus quam valeat secundum se, quamvis non vendatur plus quam valeat habenti. Si vero aliquis multum iuvetur ex re alterius quam accepit, ille vero qui vendidit non damnificatur carendo re illa, non debet eam supervendere. Quia utilitas quae alteri accrescit non est ex vendente, sed ex conditione ementis, nullus autem debet vendere alteri quod non est suum, licet possit ei vendere damnum quod patitur.

Secondly we may speak of buying and selling, considered as accidentally tending to the advantage of one party, and to the disadvantage of the other: for instance, when a man has great need of a certain thing, while an other man will suffer if he be without it. In such a case the just price will depend not only on the thing sold, but on the loss which the sale brings on the seller. And thus it will be lawful to sell a thing for more than it is worth in itself, though the price paid be not more than it is worth to the owner. Yet if the one man derive a great advantage by becoming possessed of the other man's property, and the seller be not at a loss through being without that thing, the latter ought not to raise the price, because the advantage accruing to the buyer, is not due to the seller, but to a circumstance affecting the buyer. Now no man should sell what is not his, though he may charge for the loss he suffers.

Ille tamen qui ex re alterius accepta multum iuvatur, potest propria sponte aliquid vendenti supererogare, quod pertinet ad eius honestatem.

On the other hand if a man find that he derives great advantage from something he has bought, he may, of his own accord, pay the seller something over and above: and this pertains to his honesty.

Ad primum ergo dicendum quod, sicut supra dictum est, lex humana populo datur, in quo sunt multi a virtute deficientes, non autem datur solis virtuosis. Et ideo lex humana non potuit prohibere quidquid est contra virtutem, sed ei sufficit ut prohibeat ea quae destruunt hominum convictum; alia vero habeat quasi licita, non quia ea approbet, sed quia ea non punit. Sic igitur habet quasi licitum, poenam non inducens, si absque fraude venditor rem suam supervendat aut emptor vilius emat, nisi sit nimius excessus, quia tunc etiam lex humana cogit ad restituendum, puta si aliquis sit deceptus ultra dimidiam iusti pretii quantitatem.

Reply to Objection 1: As stated above (FS, Question [96], Article [2]) human law is given to the people among whom there are many lacking virtue, and it is not given to the virtuous alone. Hence human law was unable to forbid all that is contrary to virtue; and it suffices for it to prohibit whatever is destructive of human intercourse, while it treats other matters as though they were lawful, not by approving of them, but by not punishing them. Accordingly, if without employing deceit the seller disposes of his goods for more than their worth, or the buyer obtain them for less than their worth, the law looks upon this as licit, and provides no punishment for so doing, unless the excess be too great, because then even human law demands restitution to be made, for instance if a man be deceived in regard to more than half the amount of the just price of a thing [*Cod. IV, xliv, De Rescind. Vend. 2,8].

Sed lex divina nihil impunitum relinquit quod sit virtuti contrarium. Unde secundum divinam legem illicitum reputatur si in emptione et venditione non sit aequalitas iustitiae observata. Et tenetur ille qui plus habet recompensare ei qui damnificatus est, si sit notabile damnum. Quod ideo dico quia iustum pretium rerum quandoque non est punctaliter determinatum, sed magis in quadam aestimatione consistit, ita quod modica additio vel minutio non videtur tollere aequalitatem iustitiae.

On the other hand the Divine law leaves nothing unpunished that is contrary to virtue. Hence, according to the Divine law, it is reckoned unlawful if the equality of justice be not observed in buying and selling: and he who has received more than he ought must make compensation to him that has suffered loss, if the loss be considerable. I add this condition, because the just price of things is not fixed with mathematical precision, but depends on a kind of estimate, so that a slight addition or subtraction would not seem to destroy the equality of justice.

Ad secundum dicendum quod, sicut Augustinus ibidem dicit, mimus ille vel seipsum intuendo, vel alios experiendo vili velle emere et care vendere, omnibus id credidit esse commune. Sed quoniam revera vitium est, potest quisque adipisci huiusmodi iustitiam qua huic resistat et vincat. Et ponit exemplum de quodam qui modicum pretium de quodam libro propter ignorantiam postulanti iustum pretium dedit. Unde patet quod illud commune desiderium non est naturae, sed vitii. Et ideo commune est multis, qui per latam viam vitiorum incedunt.

Reply to Objection 2: As Augustine says "this jester, either by looking into himself or by his experience of others, thought that all men are inclined to wish to buy for a song and sell at a premium. But since in reality this is wicked, it is in every man's power to acquire that justice whereby he may resist and overcome this inclination." And then he gives the example of a man who gave the just price for a book to a man who through ignorance asked a low price for it. Hence it is evident that this common desire is not from nature but from vice, wherefore it is common to many who walk along the broad road of sin.

Ad tertium dicendum quod in iustitia commutativa consideratur principaliter aequalitas rei. Sed in amicitia utilis consideratur aequalitas utilitatis, et ideo recompensatio fieri debet secundum utilitatem perceptam. In emptione vero, secundum aequalitatem rei.

Reply to Objection 3: In commutative justice we consider chiefly real equality. On the other hand, in friendship based on utility we consider equality of usefulness, so that the recompense should depend on the usefulness accruing, whereas in buying it should be equal to the thing bought.

(E) BY SINS COMMITTED IN LOANS (Question [78])

OF THE SIN OF USURY (FOUR ARTICLES)

Deinde considerandum est de peccato usurae, quod committitur in mutuis. Et circa hoc quaeruntur quatuor.

We must now consider the sin of usury, which is committed in loans: and under this head there are four points of inquiry:

Primo, utrum sit peccatum accipere pecuniam in pretium pro pecunia mutuata, quod est accipere usuram.

(1) Whether it is a sin to take money as a price for money lent, which is to receive usury?

Secundo, utrum liceat pro eodem quamcumque utilitatem accipere quasi in recompensationem mutui.

(2) Whether it is lawful to lend money for any other kind of consideration, by way of payment for the loan?

Tertio, utrum aliquis restituere teneatur id quod de pecunia usuraria iusto lucro lucratus est.

(3) Whether a man is bound to restore just gains derived from money taken in usury?

Quarto, utrum liceat accipere mutuo pecuniam sub usura.

(4) Whether it is lawful to borrow money under a condition of usury?

I answer that, To take usury for money lent is unjust in itself, because this is to sell what does not exist, and this evidently leads to inequality which is contrary to justice. In order to make this evident, we must observe that there are certain things the use of which consists in their consumption: thus we consume wine when we use it for drink and we consume wheat when we use it for food. Wherefore in such like things the use of the thing must not be reckoned apart from the thing itself, and whoever is granted the use of the thing, is granted the thing itself and for this reason, to lend things of this kin is to transfer the ownership. Accordingly if a man wanted to sell wine separately from the use of the wine, he would be selling the same thing twice, or he would be selling what does not exist, wherefore he would evidently commit a sin of injustice. In like manner he commits an injustice who lends wine or wheat, and asks for double payment, viz. one, the return of the thing in equal measure, the other, the price of the use, which is called usury.

On the other hand, there are things the use of which does not consist in their consumption: thus to use a house is to dwell in it, not to destroy it. Wherefore in such things both may be granted: for instance, one man may hand over to another the ownership of his house while reserving to himself the use of it for a time, or vice versa, he may grant the use of the house, while retaining the ownership. For this reason a man may lawfully make a charge for the use of his house, and, besides this, revendicate the house from the person to whom he has granted its use, as happens in renting and letting a house.

Now money, according to the Philosopher (Ethic. v, 5; Polit. i, 3) was invented chiefly for the purpose of exchange: and consequently the proper and principal use of money is its consumption or alienation whereby it is sunk in exchange. Hence it is by its very nature unlawful to take payment for the use of money lent, which payment is known as usury: and just as a man is bound to restore other ill-gotten goods, so is he bound to restore the money which he has taken in usury.

COMMENTARY ON THE NICOMACHEAN ETHICS
by
Thomas Aquinas

translated by
C. I. Litzinger, O.P.

Chicago: Henry Regnery Company, 1964, 2 volumes

Deinde cum dicit: quanta quaedam etc., ostendit quomodo, secundum commensurationem praedictam fit commutatio. Licet enim domus sit magis aliquid in pretio quam calciamentum, tamen aliquanta calceamenta adaequant in pretio unam domum, vel et cibum unius hominis per aliquod longum tempus. Oportet igitur ad hoc quod sit commutatio ut tanta calceamenta dentur pro una domo vel pro cibo unius hominis, quantum aedificator vel etiam agricola excedit coriarium in labore et expensis, quia si hoc non observetur, non erit commutatio rerum, neque homines sibiinvicem sua bona communicabunt. Id autem quod dictum est, scilicet quod aliqua calceamenta dentur pro una domo, non poterit esse nisi aliqualiter sint aequalia calceamenta domui.

Deinde cum dicit: oportet enim etc., assignat rationem praedictae commensurationis, quae fit per numisma. Et dicit, quod ideo possunt omnia adaequari, quia omnia possunt commensurari per aliquid unum, ut dictum est; hoc autem unum, quod omnia mensurat secundum rei veritatem est indigentia, quae continet omnia commutabilia, in quantum scilicet omnia referuntur ad humanam indigentiam; non enim appretiantur res secundum dignitatem naturae ipsorum: alioquin unus mus, quod est animal sensibile, maioris pretii esset quam una margarita, quae est res inanimata: sed rebus pretia imponuntur, secundum quod homines indigent eis ad suum usum.

980. Next [1, a, ii], at 'W certain number," he shows how exchange takes place according to the preceding commensuration. Although a house is worth more than a sandal, nevertheless, a number of sandals are equal in value to one house or the food required for one man during a long period. In order then to have just exchange, as many sandals must be exchanged for one house or for the food required for one man as the builder or the farmer exceeds the shoemaker in his labor and costs. If this is not observed, there will be no exchange of things and men will not share their goods with one another. But what has been said, that a number of sandals are exchanged for one house, is not possible unless the sandals are equated with the house in some way.

981. At "Therefore, it is" [i, a, iii] he indicates the nature of this commensuration made by means of money. He states that for this reason it is possible to equate things because all things can be measured by some one standard, as was pointed out (957). But this one standard which truly measures all things is demand. This includes all commutable things inasmuch as everything has a reference to human need. Articles are not valued according to the dignity of their nature, otherwise a mouse, an animal endowed with sense, should be of greater value than a pearl, a thing without life. But they are priced according as man stands in need of them for his own use.

Scholastic Economic Thought

Just price: *iustum praetium*
Social hierarchy or competitive price?

Labor & Expensae
Bonitas intrinseca
Virtuositas
Raritas
Utilitas
Complacibilitas

res tantum valet quantum vendi potest, sed communiter

Usury (lending at interest):

Usura

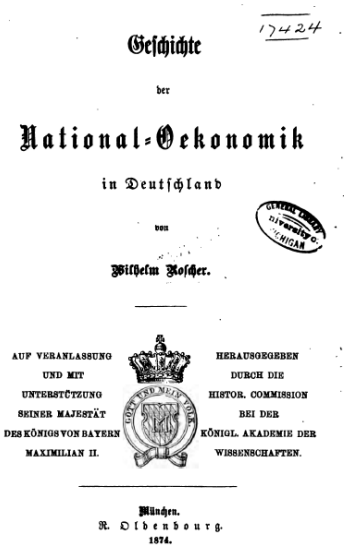
Acceptable reasons for taking interest
Damnum emergens
Lucrum cessans
Stipendium laboris
Periculum sortis
Ratio incertitudinis

Inter-esse

num im Lande durchzugehen und zu ſchätzen, was Jeder an Waaren nöthig hat, um zur Genüge fortzudauern (19(.) Dabei iſt der Mittelweg zwiſchen den Extremen zu ſuchen: zwiſchen ſolcher Niedrigkeit des Preiſes, daß die artifices, rustici, mercatores se eorum laboribus convenienter sustentare non possent, und ſolcher Höhe, daß die homines pauperes et communes, quorum laboribus omnes vivere oportet, necessaria sibi non possent comparare. Doch ſoll im Zweifel der Preis lieber zu niedrig, als zu hoch geſetzt worden. Auch der Einzelne kann die richtige Preishöhe ſeiner Waare danach berechnen, daß er

2*

Hugo von Langenstein 13th c.



Scholastic Economic Thought

St. Augustine, De Civitate Dei, lib. XI, cap. XVI

Chapter 16.— Of the Ranks and Differences of the Creatures, Estimated by Their Utility, or According to the Natural Gradations of Being.

For, among those beings which exist, and which are not of God the Creator's essence, those which have life are ranked above those which have none; those that have the power of generation, or even of desiring, above those which want this faculty. And, among things that have life, the sentient are higher than those which have no sensation, as animals are ranked above trees. And, among the sentient, the intelligent are above those that have not intelligence, — men, e.g., above cattle. And, among the intelligent, the immortal such as the angels, above the mortal, such as men. These are the gradations according to the order of nature; but according to the utility each man finds in a thing, there are various standards of value, so that it comes to pass that we prefer some things that have no sensation to some sentient beings. And so strong is this preference, that, had we the power, we would abolish the latter from natur altogether, whether in ignorance of the place they hold in nature, or, though we know it, sacrificing them to our own convenience. Who, e.g., would not rather have bread in his house than mice, gold than fleas? But there is little to wonder at in this, seeing that even when valued by men themselves (whose nature is certainly of the highest dignity), more is often given for a horse than for a slave, for a jewel than for a maid. Thus, the reason of one contemplating nature prompts very different judgments from those dictated by the necessity of the needy, or the desire of the voluptuous; for the former considers what value a thing in itself has in the scale of creation, while necessity considers how it meets its need; reason looks for what the mental light will judge to be true, while pleasure looks for what pleasantly titillates the bodily sense. But of such consequence in rational natures is the weight, so to speak, of will and of love, that though in the order of nature angels rank above men, yet, by the scale of justice, good men are of greater value than bad angels.

[XVI] In his enim, quae quoquo modo sunt et non sunt quod Deus est a quo facta sunt, praeponuntur uiuentia non uiuentibus, sicut ea, quae habent uim gignendi uel etiam appetendi, his, quae isto motu carent; et in his, quae uiuunt, praeponuntur sentientia non sentientibus, sicut arboribus animalia; et in his, quae sentiunt, praeponuntur intellegentia non intellegentibus, sicut homines pecoribus; et in his, quae intellegunt, praeponuntur inmortalia mortalibus, sicut angeli hominibus. Sed ista praeponuntur naturae ordine; est autem alius atque alius pro suo cuiusque usu aestimationis modus, quo fit, ut quaedam sensu carentia quibusdam sentientibus praeponamus, in tantum, ut si potestas esset ea prorsus de natura rerum auferre uellemus, siue quem in ea locum habeant ignorantes, siue etiamsi sciamus nostris ea commodis postponentes. Quis enim non domui suae panem habere quam mures, nummos quam pulices malit? Sed quid mirum, cum in ipsorum etiam hominum aestimatione, quorum certe natura tantae est dignitatis, plerumque carius comparetur equus quam seruus, gemma quam famula? Ita libertate iudicandi plurimum distat ratio considerantis a necessitate indigentis seu uoluptate cupientis, cum ista quid per se ipsum in rerum gradibus pendat, necessitas autem quid propter quid expetat cogitat, et ista quid uerum luci mentis appareat, uoluptas uero quid iucundum corporis sensibus blandiatur spectat. Sed tantum ualet in naturis rationalibus quoddam ueluti pondus uoluntatis et amoris, ut, cum ordine naturae angeli hominibus, tamen lege iustitiae boni homines malis angelis praeferantur.

Scholastic Economic Thought

Petrus Olivi (1248-1298)
San Bernardino da Siena (1380-1444)
Sant'Antonino da Firenze
(1389-1459)

San Bernardino da Siena

Sant'Antonino da Firenze

Scholastic Economic Thought

Salamanca School

Martín de Azpilcueta (1493–1586)
Doctor Navarrus

Luis de Molina
(1535–1600)

Scholastic Economic Thought

Salamanca School

Diego de Covarrubias y Leiva
(1512-1577)
Portrait by El Greco

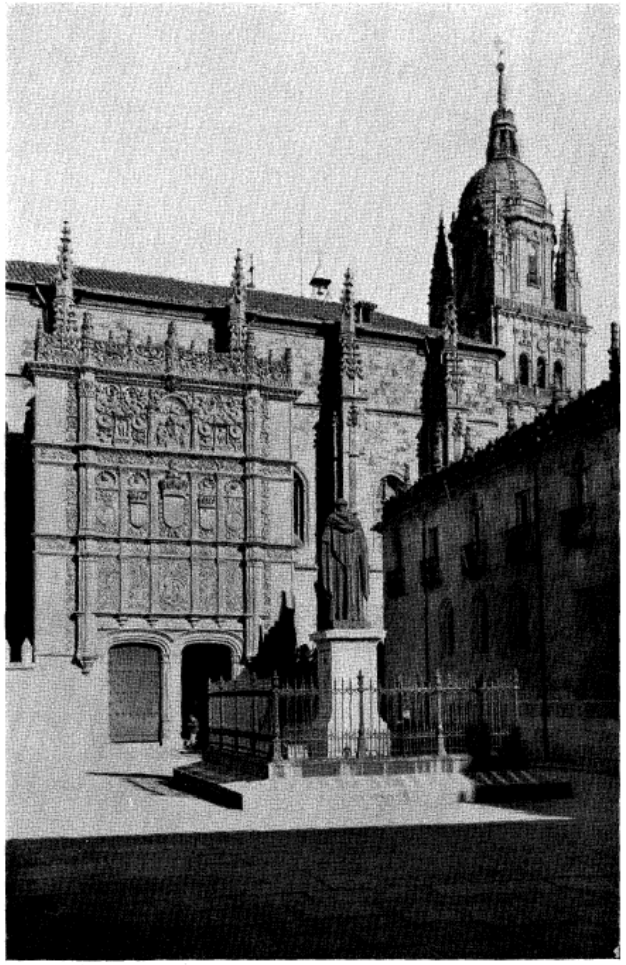
THE SCHOOL OF SALAMANCA

READINGS IN
SPANISH MONETARY THEORY
1544–1605

BY

MARJORIE GRICE-HUTCHINSON
Lecturer in Spanish at Birkbeck College
University of London, 1948 to 1951

OXFORD
AT THE CLARENDON PRESS
1952



UNIVERSITY OF SALAMANCA
PATIO DE LAS ESCUELAS

Scholastic Economic Thought

Salamanca School

Those who measure the just price by the labor, costs, and risk incurred by the person who deals in the merchandise or produces it, or by the cost of transport or the expense of traveling … or by what he has to pay the factors for their industry, risk, and labor, are greatly in error, and still more so are those who allow a certain profit of a fifth or a tenth. For the just price arises from the abundance or scarcity of goods, merchants, and money … and not from costs, labor, and risk. If we had to consider labor and risk in order to assess the just price, no merchant would ever suffer loss, nor would abundance or scarcity of goods and money enter into the question. Prices are not commonly fixed on the basis of costs. Why should a bale of linen brought overland from Brittany at great expense be worth more than one which is transported cheaply by sea? … Why should a book written out by hand be worth more than one which is printed, when the latter is better though it costs less to produce? … The just price is found not by counting the cost but by the common estimation. **Luis Saravía de la Calle 1544**

End of Lecture

MPhil (Econ.) & MSc (Political Economy)

Dept. of Economics

National and Kapodistrian University of Athens

Lecture 3: Mercantilism

Nicholas J. Theocharakis

Objectives of this lecture

- To briefly describe the concept of mercantilism
- To show the different interpretations of the phenomenon
- To describe its phases
- To explain how it differs from the classical political economy
- To demonstrate its influence on political economy

Contents

- **Mercantilism**
  - Interpretations of mercantilism
    - Mirabeau, Smith, Viner
    - Historical School [G. Schmoller]. E.F. Heckscher
  - Countries / authors / periods of mercantilism
    - *England, France, Germany/Austria, Italy, France, Germany/Austria*
      - *Thomas Gresham, John Hales, **Thomas Mun**, Edward Misselden, Gerrard de Malynes, **William Petty**, John Locke, Dudley North, Josiah Child, Charles D'Avenant, Nicholas Barbon, **Bernard de Mandeville**, **James Steuart***
      - *Jean Bodin, Antoine de Monchrestien, Jean-Baptiste Colbert*
      - *Veit Ludwig von Seckendorff, Johann Joachim Becher, Philip Wilhelm von Hornick*
      - *Bernardo Davanzati, Giovani Botero, Antonio Serra, Antonio Genovesi, Pietro Verri*
    - *Bullionism / Classical mercantilism / Late ('Liberal") mercantilism*

Mercantilism

"World Map," by Joan Blaeu, 1638, from the Atlas Major. Joan Blaeu and his father Willem were the most respected cartographers of their time. Their maps were required on all Dutch ships engaged in trade with the Indies. Atlases replaced sheet maps as the dominant cartographic form in the seventeenth century. In 1670, Joan Blaeu was appointed Map Maker in Ordinary to the Dutch East India Company (VOC).

Cosmographia Claudii Ptolomaei Alexandrini, 1467
Jacob d'Angelo after Claudius Ptolemaeu

Martin Waldseemüller (1470–1521). Universalis Cosmographia Secundum Ptholomaei Traditionem et Americi Vespucii Alioru[m]que Lustrationes, [St. Dié], 1507. One map on 12 sheets, made from original woodcut. Geography and Map Division, Library of Congress

Map showing main Portuguese (blue) and Spanish (white) oceanic trade routes in the 16th century, as a result of the exploration during the Age of Discovery.

Map showing the main trade routes of late medieval Europe. The black lines show the routes of the Hanseatic League, the blue Venetian and the red Genoese routes. Purple lines are routes used by both the Venetians and the Genoese. Overland and river routes are stippled.

THE EXTENT OF THE
HANSA
about 1400
Scale 1:9 000 000
Groups of Hansa Towns:
Wendish
Pomeranian
Prussian
Livonian
Swedish
Markgravian
Saxon
Westphalian
Lower Rhine
Dutch
of the Zuyder Zee
The (4) foreign depots of the Hansa are underlined twice, with red, the Factories are underlined once. The names of towns not belonging to the Hanseatic League are printed in smaller type.
NORTH SEA
BALTIC SEA
ENGLAND
POLAND
Jutland
Scania
Courland
Livonia
Esthonia
Lithuania
Holstein
Lübeck
Hamburg
Bremen
Cologne
Königsberg
Danzig
Stockholm
Riga
Reval
Novgorod
Pskov
Dorpat
Pernau
Oesel
Gulf of Riga
Lake Peipus
Wenden
Wolmar
Windau
Libau
Memel
Tilsit
Elbing
Marienburg
Thorn
Kulm
Graudenz
Brombergh
Posen
Warsaw
Lublin
Radom
Cracow
Breslau
Frankfurt
Berlin
Magdeburg
Brunswick
Hanover
Münster
Dortmund
Soest
Duisburg
Utrecht
Amsterdam
Haarlem
Zwolle
Deventer
Arnhem
Nymegen
Kampen
Harderwick
Groningen
Emden
Texel
Bolsward
Staveren
Enkhuyzen
Zuyder Zee
Lynn
Yarmouth
Norwich
Ipswich
Boston
Hull
London
Dordrecht
Middleburg
Flushing
Damme
Bruges
Ghent
Ypres
Lille
Brussels
Antwerp
Roermond
Liege
Namur
Dinant
Aix la Chapelle
Andernach
Rhine
Maas
Lippe
Ems
Weser
Elbe
Oder
Vistula
Pripet
Bug
Warta
Niemen
Memel
Pregel
Narva
Ivangorod
Wisby
Gotland
Oland
Borgholm
Kalmar
Carlscrona
Helsingborg
Elsinore
Copenhagen
Malmö
Skanör
Falsterbo
Ystad
Christianstad
Ystad
Bornholm
Rügenwalde
Stolp
Colberg
Greifenberg
Gollnow
Stargard
Stettin
Pritzwalk
Perleberg
Havelberg
Stendal
Tangermunde
Brandenburg
Helmstedt
Hildesheim
Goslar
Quedlinburg
Aschersleben
Halle
Leipzig
Dresden
Erfurt
Northeim
Göttingen
Warburg
Soest
Paderborn
Bielefeld
Osnabrück
Minden
Lüneburg
Celle
Uelzen
Buxtehude
Stade
Rostock
Wismar
Anklam
Greifswald
Stralsund
Rügen
Kiel
Flensburg
Ripen
Aarhuus
Aalborg
Viborg
Randers
Aalborg
Warberg
Göteborg
Skagerak
Kattegat
Sound
Great Belt
Little Belt
Sleswig
Heligoland
Bornhöved
Lübeck
Hamburg
Elbe
Weser
Ems
Rhine
Maas
Oslo
Stavanger
Bergen
Aland
Abo
Helsingfors
Gulf of Finland
Narva
Ivangorod
Pskov
Lake Peipus
Velikaya
Dünaburg
Vitebsk
Dvina
Mitau
Libau
Memel
Tilsit
Königsberg
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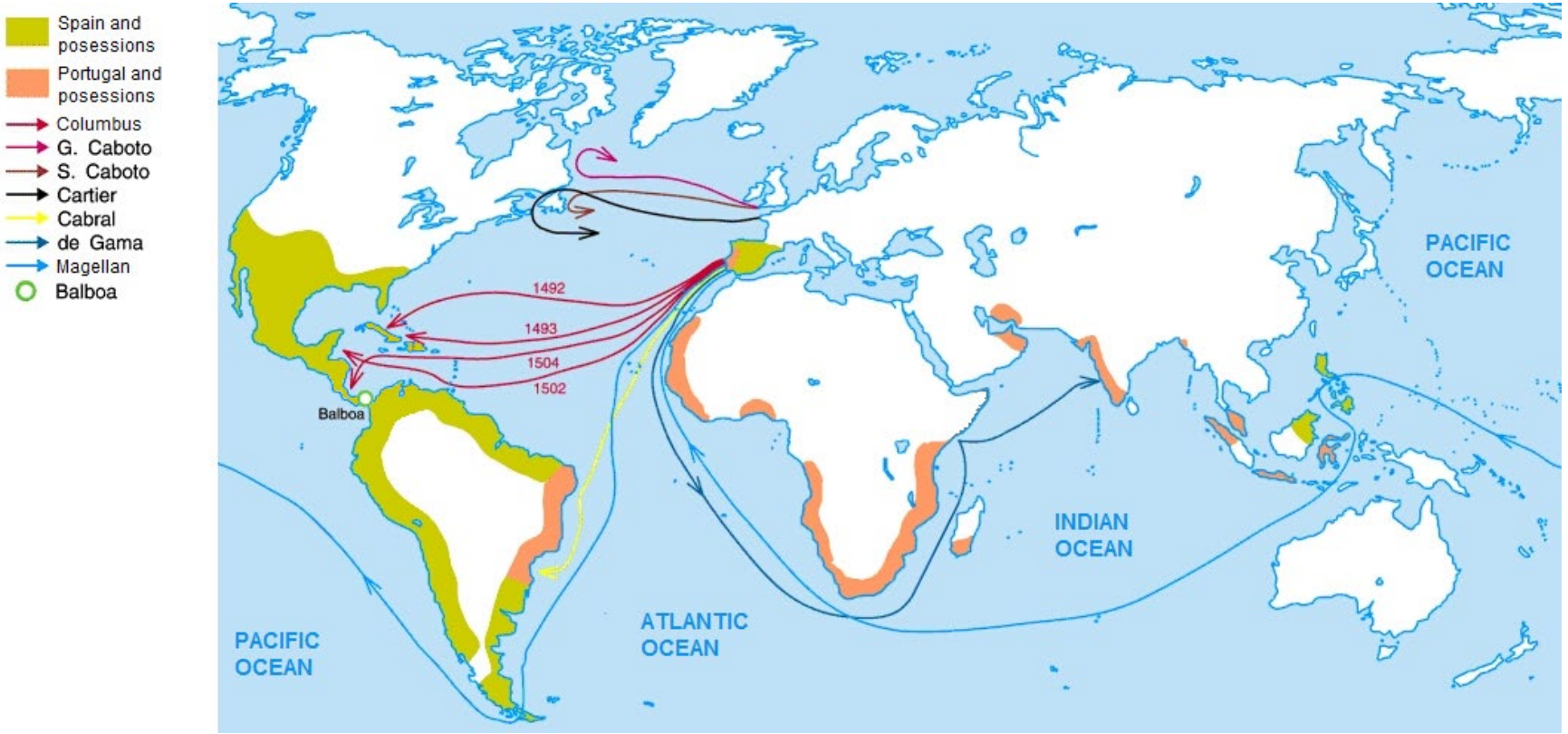
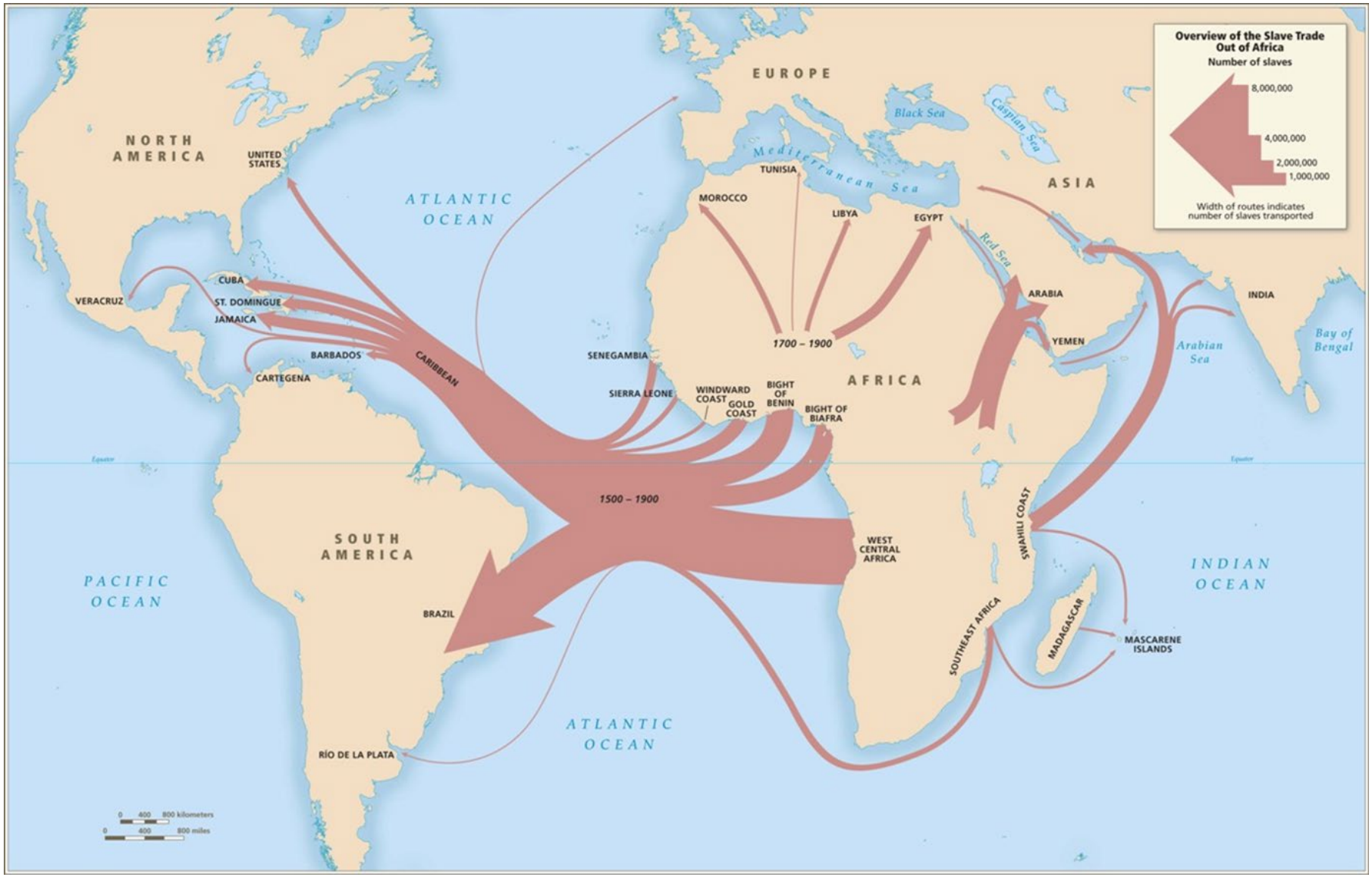
Danzig
Stolp
Rügenwalde

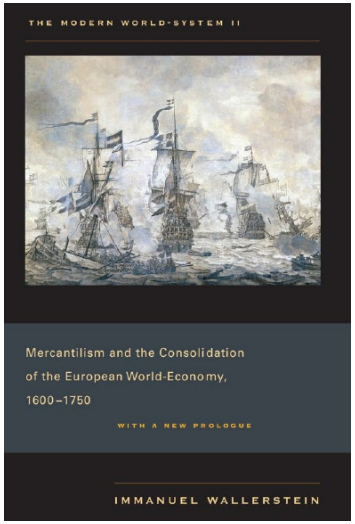

Spain and posessions
Portugal and posessions
Columbus
G. Caboto
S. Caboto
Cartier
Cabral
de Gama
Magellan
Balboa
1492
1493
1504
1502
Balboa
PACIFIC OCEAN
ATLANTIC OCEAN
INDIAN OCEAN
PACIFIC OCEAN

The Dutch Empire. Dark green areas were controlled by the Dutch West India Company; light green areas were controlled by the Dutch East India Company. Yellow areas were the territories occupied later, during the 19th century.

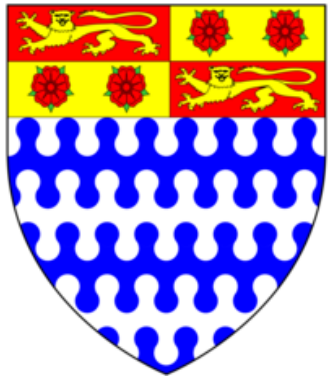
The British Empire


Overview of the Slave Trade Out of Africa
Number of slaves
8,000,000
4,000,000
2,000,000
1,000,000
Width of routes indicates number of slaves transported
NORTH AMERICA
UNITED STATES
ATLANTIC OCEAN
EUROPE
Black Sea
Caspian Sea
Mediterranean Sea
TUNISIA
MOROCCO
LIBYA
EGYPT
ASIA
Red Sea
ARABIA
INDIA
YEMEN
Arabian Sea
Bay of Bengal
CUBA
VERACRUZ
ST. DOMINGUE
JAMAICA
BARBADOS
CARTEGENA
CARIBBEAN
1700 – 1900
SENEGAMBIA
SIERRA LEONE
WINDWARD COAST
GOLD COAST
BIGHT OF BENIN
BIGHT OF BIAFRA
AFRICA
1500 – 1900
WEST CENTRAL AFRICA
SWAHILI COAST
SOUTH AMERICA
PACIFIC OCEAN
BRAZIL
SOUTHEAST AFRICA
MADAGASCAR
MASCARENE ISLANDS
INDIAN OCEAN
ATLANTIC OCEAN
RÍO DE LA PLATA
Equator
0 400 800 kilometers
0 400 800 miles

sixteenth century and that involved the *transformation* of a particular redistributive or tributary mode of production, that of feudal Europe (Braudel's "economic *Ancien Régime*") into a qualitatively different social system. Since that time, the capitalist world-economy has (*a*) geographically expanded to cover the entire globe; (*b*) manifested a cyclical pattern of expansion and contraction (Simiand's phases A and B) and shifting geographical locations of economic roles (the rise and fall of hegemonies, the movements up and down of particular core, peripheral, and semiperipheral zones); and (*c*) undergone a process of secular transformation, including technological advance, industrialization, proletarianization, and the emergence of structured political resistance to the system itself—a transformation that is still going on today.


THE MODERN WORLD-SYSTEM II
Mercantilism and the Consolidation of the European World-Economy, 1600–1750
WITH A NEW PROLOGUE
IMMANUEL WALLERSTEIN

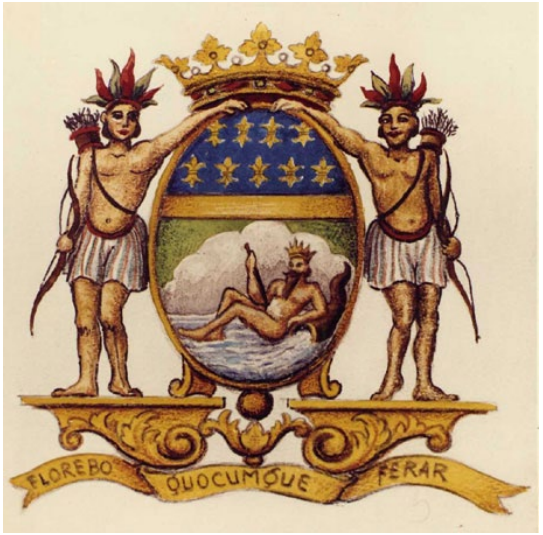
Immanuel Wallerstein, *The Modern World-System II: Mercantilism and the Consolidation of the European World-Economy, 1600-1750*



Company of Merchant Adventurers of London

East India Company

Vereenigde Oostindische Compagnie



Compagnie française pour le commerce des Indes orientales

Chartered Companies

The Old Exchange at Amsterdam, Job Adriaenszoon Berckheyde (1630 - 1693)

NE POUR LA PEINE
Reveille matin de Campagne
Taille payé
VACHE
LE COCHON
LA POULE
L'homme de Village
Tous les jours au milieu d'un champ
Par la chaleur par la froidure
L'on voit le pauure payzan
Travailler tant que l'année dure
Pour amasser par son labeur
Dequoy payer le collecteur
Se Vend à paris chez N. Guerard Graveur rüe St Jacques à la Reyne du Clergé proche St Yues

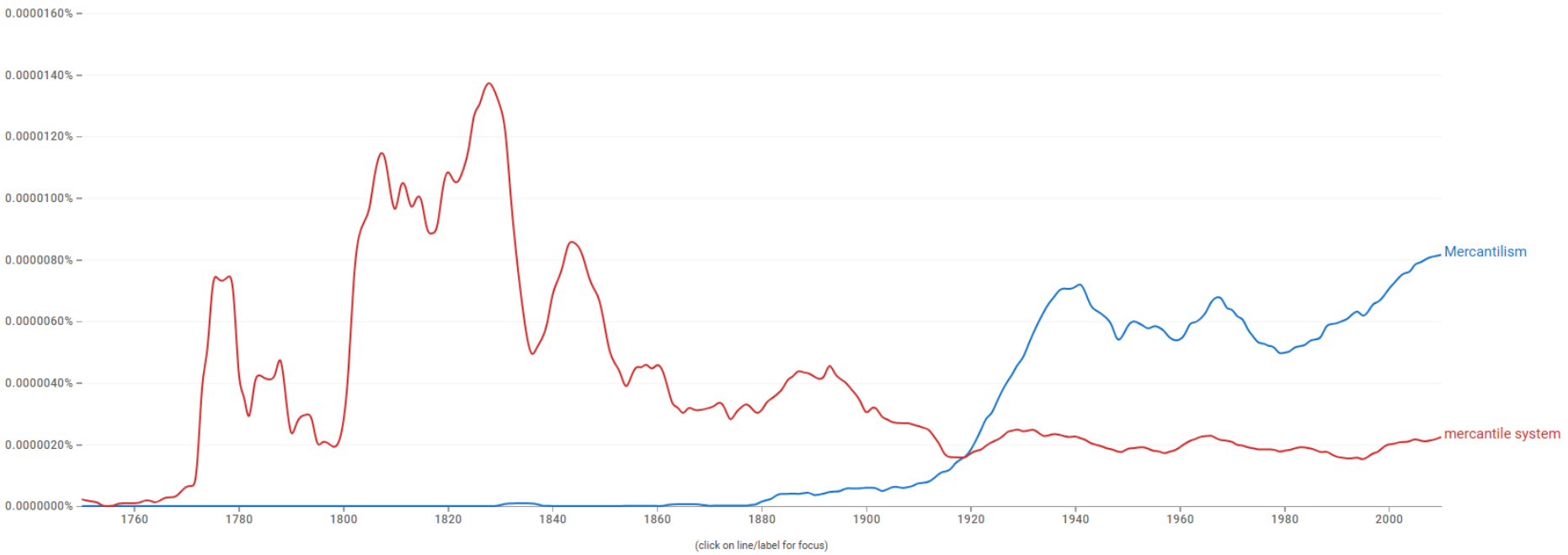
L'homme de village. - Né pour la peine : Guérard, Nicolas (1648?-1719). Graveur

Jan Uytenbogaert, 'The Goldweigher', 1639
Rembrandt van Rijn (1606-1669)

Google Books Ngram Viewer

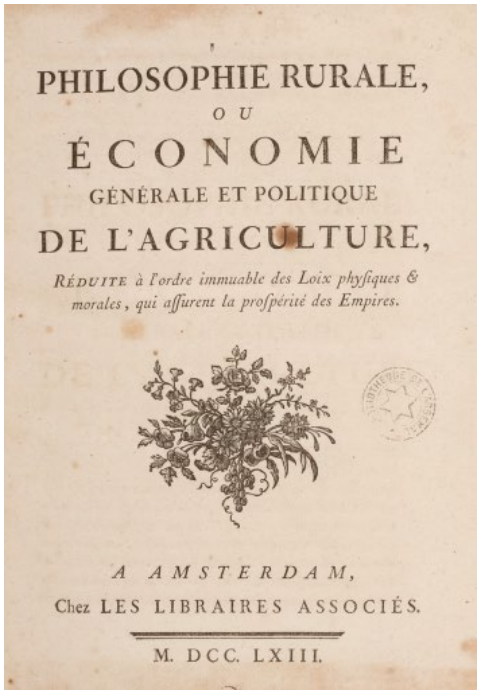
Mercantilism,mercantile system

1750 - 2010 | English | Case-Insensitive | Smoothing



Mercantilism

- The term mercantilism is created after the phenomenon and has a critical connotation. Two interpretations: The **negative** one (Mirabeau - Smith)
- Victor de Riqueti, Marquis de **Mirabeau**, (1715-1789) [Physiocrat]



PHILOSOPHIE RURALE,
OU
ÉCONOMIE
GÉNÉRALE ET POLITIQUE
DE L'AGRICULTURE,
Réduite à l'ordre immuable des Loix physiques & morales, qui assurent la prospérité des Empires.

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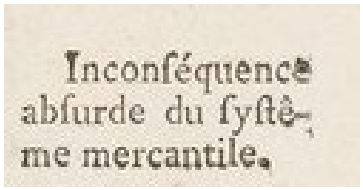
M. DCC. LXIII.

mercantile system

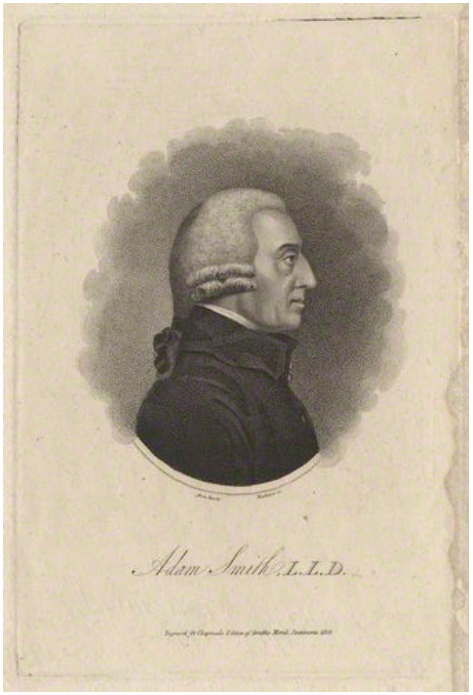
It describes a system of direct state intervention in the economy



Inconſéquence abſurde du ſyſtê-me mercantile.

Mercantilism

- The term mercantilism is created after the phenomenon and has a critical connotation
- Adam Smith, (1723-1790)



AN

INQUIRY

INTO THE

Nature and Causes

OF THE

WEALTH OF NATIONS.

By ADAM SMITH, LL. D. and F. R. S.

IN TWO VOLUMES.

VOL. I.

LONDON:

BOOK IV

Of Systems of political Oeconomy

CHAPTER I

Of the Principle of the commercial, or mercantile System[1]

5 In consequence of these popular notions, all the different nations of Europe have studied, though to little purpose, every possible means of accu-[142]mulating gold and silver in their respective countries. Spain and Portugal, the proprietors of the principal mines which supply Europe with those metals, have either prohibited their exportation under the severest penalties, or subjected it to a considerable duty.[9] The like prohibition seems antiently to have made a part of the policy of most other European nations. It is even to be found, where we should [a]least of all expect[a] to find it, in some old Scotch acts of parliament, which forbid under heavy penalties the carrying gold or silver *forth of the kingdom*.[10] The like policy antiently took place both in France and England.

6 When those countries became commercial, the merchants found this prohibition, upon many occasions, extremely inconvenient. They could frequently buy more advantageously with gold and silver than with any other commodity, the foreign goods which they wanted, either to import into their own, or to carry to some other foreign country. They remonstrated, therefore, against this prohibition as hurtful to trade.[11]

7 They represented, first, that the exportation of gold and silver in order to purchase foreign goods, did not always diminish the quantity of those metals in the kingdom. That, on the contrary, it might frequently increase [b]that quantity[b]; because, if the consumption of foreign goods was not thereby increased in the country, those goods might be re-exported to foreign countries, and being there sold for a large profit, might bring back much more treasure [143] than was originally sent out to purchase them.[12] Mr. Mun compares this operation of foreign trade to the seed-time and harvest of agriculture. "If we only behold," says he, "the actions of the husbandman in the seed-time, when he casteth away much good corn into the ground, we shall account him rather a madman than a husbandman. But when we consider his labours in the harvest, which is the end of his endeavours, we shall find the worth and plentiful increase of his actions."[13]

8 They represented, secondly, that this prohibition could not hinder the exportation of gold and silver, which, on account of the smallness of their bulk in proportion to their value, could easily be smuggled abroad. That this exportation could only be prevented by a proper attention to, what they called, the balance of trade.[14] That when the country exported to a greater value than it imported, a balance became due to it from foreign nations, which was necessarily paid to it in gold and silver, and thereby increased the quantity of those metals in the kingdom. But that when it imported to a greater value than it exported, a contrary balance became due to foreign nations, which was necessarily paid to them in the same manner, and thereby diminished that quantity. That in this case to prohibit the exportation of those metals could not prevent it, but only, by making it more dangerous, render it more expensive. That the exchange was thereby turned more against the country which owed the balance, than it [144] otherwise might have been; the merchant who purchased a bill upon the foreign country being obliged to pay the banker who sold it, not only for the natural risk, trouble and expence of sending the money thither, but for the extraordinary risk arising from the prohibition. But that the more the

exchange was against any country, the more the balance of trade became necessarily against it; the money of that country becoming necessarily of so much less value, in comparison with that of the country to which the balance was due. That if the exchange between England and Holland, for example, was five per cent. against England, it would require a hundred and five ounces of silver in England to purchase a bill for a hundred ounces of silver in Holland: that a hundred and five ounces of silver in England, therefore, would be worth only a hundred ounces of silver in Holland, and would purchase only a proportionable quantity of Dutch goods: but that a hundred ounces of silver in Holland, on the contrary, would be worth a hundred and five ounces in England, and would purchase a proportionable quantity of English goods: That the English goods which were sold to Holland would be sold so much cheaper; and the Dutch goods which were sold to England, so much dearer, by the difference of the exchange; that the one would draw so much less Dutch money to England, and the other so much more English money to Holland as this difference amounted to: and that the balance of trade, therefore, would necessarily be [145] so much more against England, and would require a greater balance of gold and silver to be exported to Holland.

9 Those arguments were partly solid and partly sophistical. They were solid so far as they asserted that the exportation of gold and silver in trade might frequently be advantageous to the country. They were solid too in asserting that no prohibition could prevent their exportation, when private people found any advantage in exporting them.[15] But they were sophistical in supposing, that either to preserve or to augment the quantity of those metals required more the attention of government, than to preserve or to augment the quantity of any other useful commodities, which the freedom of trade, without any such attention, never fails to supply in the proper quantity. They were sophistical too, perhaps, in asserting that the high price of exchange necessarily increased, what they called, the unfavourable balance of trade, or occasioned the exportation of a greater quantity of gold and silver. That high price, indeed, was extremely disadvantageous to the merchants who had any money to pay in foreign countries. They paid so much dearer for the bills which their bankers granted them upon those countries. But though the risk arising from the prohibition might occasion some extraordinary expence to the bankers, it would not necessarily carry any more money out of the country. This expence would generally be all laid out in the country, in smuggling the money out of it, and could seldom occasion [146] the exportation of a single six-pence beyond the precise sum drawn for. The high price of exchange too would naturally dispose the merchants to endeavour to make their exports nearly balance their imports, in order that they might have this high exchange to pay upon

as small a sum as possible. The high price of exchange, [c]besides, must necessarily have operated as a tax, in raising the price of foreign goods, and thereby diminishing their consumption. It would tend, therefore,[c] not to increase, but to diminish, what they called, the unfavourable balance of trade, and consequently the exportation of gold and silver.[16]

10 Such as they were, however, those arguments convinced the people to whom they were addressed. They were addressed by merchants to parliaments, and to the councils of princes, to nobles and to country gentlemen; by those who were supposed to understand trade, to those who were conscious to themselves that they knew nothing about the matter.[17] That foreign trade enriched the country, experience demonstrated to the nobles and country gentlemen, as well as to the merchants; but how, or in what manner, none of them well knew. The merchants knew perfectly in what manner it enriched themselves. It was their business to know it. But to know in what manner it enriched the country, was no part of their business. [d]This[d] subject never came into their consideration, but when they had occasion to apply to their country for some change in the laws relating to foreign trade. It then be-[147]came necessary to say something about the beneficial effects of foreign trade, and the manner in which those effects were obstructed by the laws as they then stood. To the judges who were to decide the business, it appeared a most satisfactory account of the matter, when they were told that foreign trade brought money into the country, but that the laws in question hindered it from bringing so much as it otherwise would do. Those arguments therefore produced the wished-for effect. The prohibition of exporting gold and silver was in France and England confined to the coin of those respective countries. The exportation of foreign coin and of bullion was made free. In Holland, and in some other places, this liberty was extended even to the coin of the country. The attention of government was turned away from guarding against the exportation of gold and silver, to watch over the balance of trade, as the only cause which could occasion any augmentation or diminution of those metals.[18] From one fruitless care it was turned away to another care much more intricate, much more embarrassing, and just equally fruitless. The title of Mun's book, England's Treasure in Foreign Trade,[19] became a fundamental maxim in the political œconomy, not of England only, but of

all other commercial countries. The inland or home trade, the most important of all, the trade in which an equal capital affords the greatest revenue, and creates the greatest employment to the people of the country,[20] was considered as subsidiary only to foreign trade. It [148] neither brought money into the country, it was said, nor carried any out of it. The country therefore could never become either richer or poorer by means of it, except so far as its prosperity or decay might indirectly influence the state of foreign trade.

11 A country that has no mines of its own must undoubtedly draw its gold and silver from foreign countries, in the same manner as one that has no vineyards of its own must draw its wines. It does not seem necessary, however, that the attention of government should be more turned towards the one than towards the other object. A country that has wherewithal to buy wine, will always get the wine which it has occasion for; and a country that has wherewithal to buy gold and silver, will never be in want of those metals.[21] They are to be bought for a certain price like all other commodities, and as they are the price of all other commodities, so all other commodities are the price of those metals. We trust with perfect security that the freedom of trade, without any attention of government, will always supply us with the wine which we have occasion for: and we may trust with equal security that it will always supply us with all the gold and silver which we can afford to purchase or to employ, either in circulating our commodities, or in other uses.[22]

12 The quantity of every commodity which human industry can either purchase or produce, naturally regulates itself in every country according to the effectual demand, or according to the [149] demand of those who are willing to pay the whole rent, labour and profits which must be paid in order to prepare and bring it to market. But no commodities regulate themselves more easily or more exactly according to this effectual demand[23] than gold and silver; because on account of the small bulk and great value of those metals, no commodities can be more easily transported from one place to another, from the places where they are cheap, to those where they are dear, from the places where they exceed, to those where they fall short of this effectual demand. If there ᵉwasᵉ in England, for example, an effectual demand for an additional quantity of gold; a packet-boat could bring from Lisbon, or from wherever else it was to be had, fifty tuns of gold,

occasions the general complaint of the scarcity of money.

17 It would be too ridiculous to go about seriously to prove, that wealth does not consist in money, or in gold and silver; but in what money purchases, and is valuable only for purchasing.[32] Money, no doubt, makes always a part of the national capital; but it has already been shown that it generally makes but a small part, and always the most unprofitable part of it.[33]

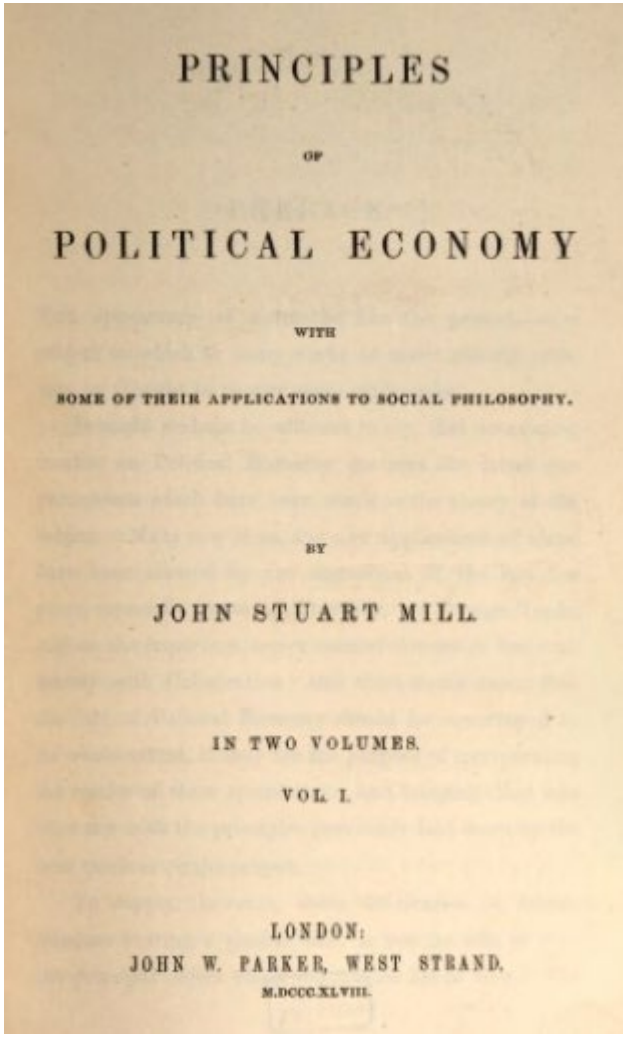
18 It is not because wealth consists more essentially in money than in goods, that the merchant finds it generally more easy to buy goods with money, than to buy money with goods; but because money is the known and established instrument of commerce, for which every thing is readily given in exchange, but which is not always with equal readiness to be got in exchange for every thing. The greater part of goods besides are more perishable than money, and he may frequently sustain a much greater loss by keeping them.[34] When his goods are upon hand too, he is more liable to such demands for money as he may not be able to answer, than when he has got their price in his coffers. Over and above all this, his profit arises more directly from selling than from buying, and he is upon all these accounts generally much more anxious to exchange his goods for money,

manner. The French have been particularly forward to favour their own manufactures by restraining the importation of such foreign goods as could come into competition with them. In this consisted a great part of the policy of Mr. Colbert,[49] who, notwithstanding his great abilities, seems in this case to have been imposed upon by the sophistry of merchants and manufacturers, who are always demanding a monopoly against their countrymen. It is at present the opinion of the most intelligent men in France that his operations of this kind have not been beneficial to his country.[50] That minister, by the tarif of 1667, imposed very high duties upon a great number of foreign manufactures. Upon his refusing to moderate them in favour of the Dutch, they in 1671 prohibited the importation of the wines, brandies, and manufactures of France. The war of 1672 seems to have been in part occasioned by this commercial dispute. The

Mercantilism: negative criticism

- Mercantilism confuses money [precious metals] with wealth
- Believes that an economy cannot regulate itself and therefore requires regulation by the state
- It wrongly emphasises the trade balance, the ban on the export of precious metals and protectionism.
- This negative view was continued in classical political economy [JR McCulloch] in the liberal school and even today mercantilism is seen as rent-seeking: R. E. Ekelund & R. K. Tollison, *Politicized Economics: Monarchy, Monopoly and Mercantilism*. 1997

Mercantilism: negative criticism



PRINCIPLES

OF

POLITICAL ECONOMY

WITH

SOME OF THEIR APPLICATIONS TO SOCIAL PHILOSOPHY.

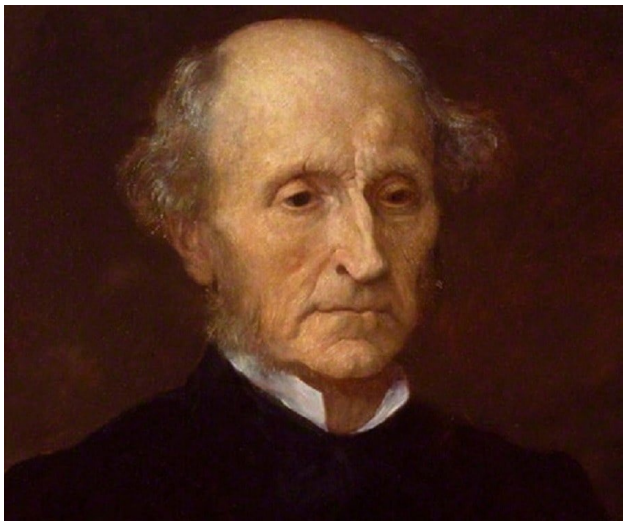
BY

JOHN STUART MILL.

IN TWO VOLUMES.

VOL. I.

LONDON:
JOHN W. PARKER, WEST STRAND.
M.DCCC.XLVIII.

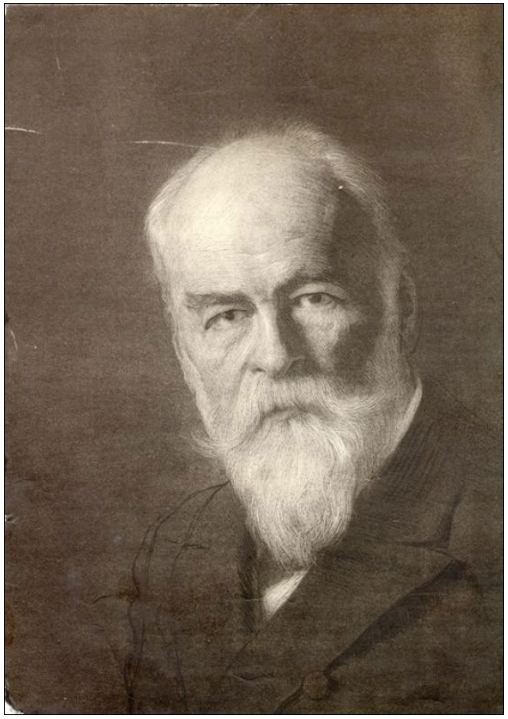


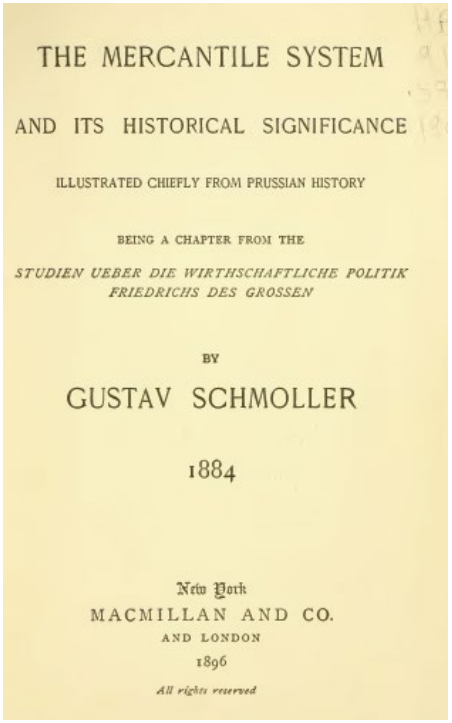
John Stuart Mill
(1806–1873)

a term are already as determinate as practical purposes require. But, little as it might be expected that any mischievous confusion of ideas could take place on a subject so simple as the question, what is to be considered as wealth, it is matter of history that such confusion of ideas has existed—that theorists and practical politicians have been equally, and at one period universally, infected by it, and that for many generations it gave a thoroughly false direction to the policy of Europe. I refer to the set of doctrines designated, since the time of Adam Smith, by the appellation of the Mercantile System.

Mercantilism

- The term mercantilism is created after the phenomenon and has a critical connotation. Two interpretations: The **positive one** (Schmoller)
- Gustav Schmoller (1838-1917) [German Historical School]




THE MERCANTILE SYSTEM

AND ITS HISTORICAL SIGNIFICANCE

ILLUSTRATED CHIEFLY FROM PRUSSIAN HISTORY

BEING A CHAPTER FROM THE

STUDIEN UEBER DIE WIRTHSCHAFTLICHE POLITIK FRIEDRICHS DES GROSSEN

BY

GUSTAV SCHMOLLER

1884

New York
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AND LONDON
1896

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Jahrbuch

für

Gesetzgebung, Verwaltung

und

Volkswirthschaft

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1884.

II.

Das Merkantilsystem in seiner historischen Bedeutung: städtische, territoriale und staatliche Wirthschaftspolitik.

Die wirthschaftliche Politik Friedrich des Großen und Preußens überhaupt von 1680—1786 war eine ausgesprochen merkantilistische. Die bisherige staatswissenschaftliche Beurtheilung derselben ging weder von einer historisch wirthschaftlichen Untersuchung des damaligen Europas, noch speziell Preußens in dieser Epoche aus, sondern von Theorien, die ihren Ursprung in der Kritik des Merkantilsystems, in der Hervorkehrung der Irrthümer und Uebertreibungen hatten, welche dasselbe gegen 1800 zeigte.

Die erste Aufgabe daher, um diese Politik richtig zu würdigen, ist eine richtigere Erfassung und Beurtheilung des Merkantilsystems, d. h. des volkswirthschaftlichen Charakters der beiden Jahrhunderte, während welcher die praktische Politik aller großen und aufstrebenden Völker Europas diesem Systeme folgte. Und wir haben dabei eben diese praktische Politik, nicht die Schriften der Staatsmänner und Gelehrten im Auge, welche bei dem unentwickelten Stande der Wissenschaft vielfach das an sich Richtige mit schiefen und halbwahren Theorien vertheidigten. Erst auf diesem Hintergrunde wird es dann in den folgenden Studien möglich sein, die spezielle preußische Wirthschaftspolitik richtig zu charakterisiren und zu beurtheilen.

Eine ganze Epoche der Geschichte aber volkswirthschaftlich charakterisiren heißt sie mit der Vergangenheit und der Folgezeit vergleichen, heißt sie begreifen als ein Glied eines größeren wirthschaftlichen Entwickelungsprozesses. Und man wird daher geneigt sein, zunächst an jene Vorstellungen zu denken, durch welche man bisher versucht hat, den historischen Entwicklungsgang der Völker einheitlich theoretisch zu begreifen. Man hat bis jetzt entweder angeknüpft an eine Parallele mit den Lebensaltern des einzelnen Menschen, oder an die Vorstellung eines Stufenganges, in welchem Viehzucht, Ackerbau, Gewerbe und Handel oder in welchem Naturaltausch-, Geld- und Kreditverkehr sich

with like creations across the frontier. The whole internal history of the seventeenth and eighteenth centuries, not only in Germany but everywhere else, is summed up in the opposition of the economic policy of the state to that of the town, the district, and the several Estates; the whole foreign history is summed up in the opposition to one another of the separate interests of the newly rising states, each of which sought to obtain and retain its place in the circle of European nations, and in that foreign trade which now included America and India. Questions of political power were at issue, which were, at the same time, questions of economic organisation. What was at stake was the creation of real *political* economies as unified organisms, the centre of which should be, not merely a state policy reaching out in all directions, but rather the living heart-beat of a united sentiment.

Only he who thus conceives of mercantilism will understand it; in its innermost kernel it is nothing but state making — not state making in a narrow sense, but state making and national-economy making at the same time;

II.

Das Merkantilſyſtem in ſeiner hiſtoriſchen Bedeutung: ſtädtiſche, territoriale und ſtaatliche Wirthſchafts-politik.

state making in the modern sense, which creates out of the political community an economic community, and so gives it a heightened meaning. The essence of the system lies not in some doctrine of money, or of the balance of trade; not in tariff barriers, protective duties, or navigation laws; but in something far greater: — namely, in the total transformation of society and its organisation, as well as of the state and its institutions, in the replacing of a local and territorial economic policy by that of the national state. With this accords the fact recently pointed out with regard to the literary history of the movement, that what is peculiar to all the mercantilist writers is not so much the regulations of trade which they propose for the increase of the precious metals as the stress they lay on the active circulation of money, especially within the state itself.[1]

II.

Das Merkantilſyſtem in ſeiner hiſtoriſchen Bedeutung: ſtädtiſche, territoriale und ſtaatliche Wirthſchafts-politik.

Chapter 23

NOTES ON MERCANTILISM, THE USURY LAWS, STAMPED MONEY AND THEORIES OF UNDER-CONSUMPTION

I

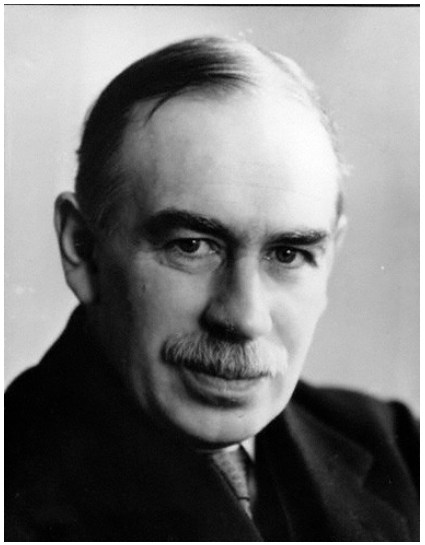
For some two hundred years both economic theorists and practical men did not doubt that there is a peculiar advantage to a country in a favourable balance of trade, and grave danger in an unfavourable balance, particularly if it results in an efflux of the precious metals. But for the past one hundred years there has been a remarkable divergence of opinion. The majority of statesmen and practical men in most countries, and nearly half of them even in Great Britain, the home of the opposite view, have remained faithful to the ancient doctrine; whereas almost all economic theorists have held that anxiety concerning such matters is absolutely groundless except on a very short view, since the mechanism of foreign trade is self-adjusting and attempts to interfere with it are not only futile, but greatly impoverish those who practise them because they forfeit the advantages of the international division of labour. It will be convenient, in accordance with tradition, to designate the older opinion as *mercantilism* and the newer as *free trade*, though these terms, since each of them has both a broader and a narrower signification, must be interpreted with reference to the context.

Generally speaking, modern economists have maintained not merely that there is, as a rule, a balance of

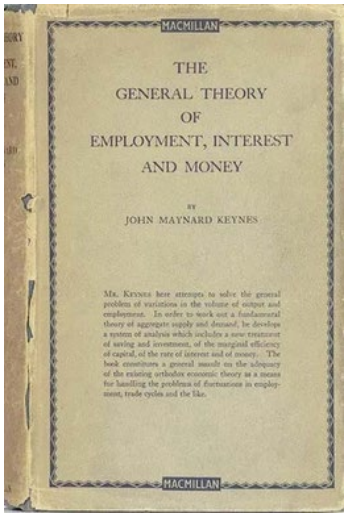
II

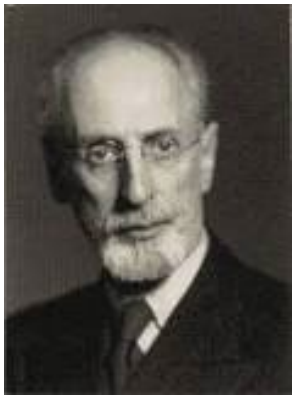
Let me first state in my own terms what now seems to me to be the element of scientific truth in mercantilist doctrine. We will then compare this with the actual arguments of the mercantilists. It should be understood that the advantages claimed are avowedly national advantages and are unlikely to benefit the world as a whole.

When a country is growing in wealth somewhat rapidly, the further progress of this happy state of affairs is liable to be interrupted, in conditions of *laissez-faire*, by the insufficiency of the inducements to new investment. Given the social and political environment and the national characteristics which determine the propensity to consume, the well-being of a progressive state essentially depends, for the reasons we have already explained, on the sufficiency of such inducements. They may be found either in home investment or in foreign investment (including in the latter the accumulation of the precious metals), which, between them, make up aggregate investment. In conditions in which the quantity of aggregate investment is determined by the profit motive alone, the opportunities for home investment will be governed, in the long run, by the domestic rate of interest; whilst the volume of foreign investment is necessarily determined by the size of the favourable balance of trade. Thus, in a society where there is no question of direct investment under the aegis of public authority, the economic objects, with which it is reasonable for the government to be preoccupied, are the domestic rate of interest and the balance of foreign trade.

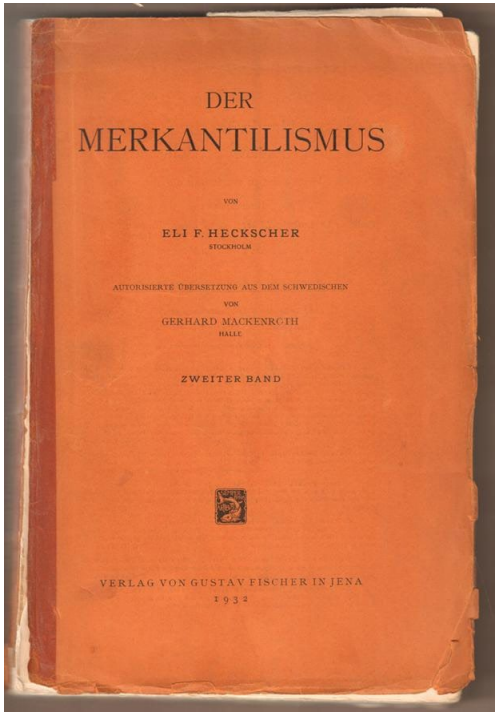


John Maynard Keynes (1883–1946)





Eli Filip Heckscher (1879-1952)



- System of unification
- System of power
- System of protection vs system of provision (fear of goods)
- Monetary system
- Conception of society

Mercantilism 1931

England

Thomas Gresham
John Hales
***Thomas** Mun*
Edward Misselden
Gerrard de Malynes
***William Petty**,*
John Locke,
Dudley North,
Josiah Child,
Charles D'Avenant,
Nicholas Barbon,
***Bernard de Mandeville**,*
James Steuart

France

Jean Bodin,
Antoine de Monchrestien,
J.-B. Colbert

Germany - Austria

Veit Ludwig von Seckendorff,
Johann Joachim Becher,
Philip Wilhelm von Hornick

Italy

Bernardo Davanzati,
Giovani Botero,
Antonio Serra,
Antonio Genovesi,
Pietro Verri

The English Bullionists
John Hales, ?-1571
Sir Thomas Culpeper, Sr.
Sir Thomas Culpeper, Jr.
Gerard de Malynes, c.1586-1641.

"Traditional" Mercantilists: The Company men
John Wheeler, c.1553-1611.
Edward Misselden, 1608-1654.
Thomas Mun, 1571-1641.

The Government Men
John Locke, 1632-1704.

The Arithmeticians
Sir William Petty, 1623-1687
John Graunt, 1620-1674
Gregory King, 1648-1712.
Charles D'Avenant, 1656-1714.
William Fleetwood, 1656-1723

"Liberal" English Mercantilists
Sir Josiah Child, 1630-1699.
Sir Dudley North, 1641-1691.
Nicholas Barbon, 1637-1698?
Roger Coke, ?-1704?
Bernard de Mandeville, 1670-1733.
Josiah Tucker, 1712-1799

Scottish Mercantilists
John Law, 1671-1729.
Sir James D. Steuart, 1713-1780

French Colbertisme
Jean Bodin, 1530-1596.
Antoine de Montchrétien, 1575-1621.
Jean Baptiste Colbert, 1619-1683.
François Véron de Forbonnais and the 18th Century Neo-Colbertistes

German Cameralism
Veit Ludwig von Seckendorff, 1626-1692.
Johann Joachim Becher, 1625-1685.
Philip Wilhelm von Hornick, 1638-1712.
The Neo-Cameralists (Justi, Sonnenfels)

A

COMPENDIOUS or BRIEFE

EXAMINATION

OF

Certayne ordinary COMPLAINTS of diuers of our COUNTRY-MEN in theſe our Dayes:

Which although they are in ſome Parte vnjuſt and friuolous, yet are they all, by Way of DIALOGUE, throughly debated and diſcuſſed by

WILLIAM SHAKESPEARE, Gentleman.

1581

THE

MAINTENANCE OF FREE TRADE,

ACCORDING TO THE THREE ESSENTIALL Parts of Traffique;

Namely,

COMMODITIES, MONEYS and Exchange of Moneys, by Bills of Exchanges for other Countries.

OR,

An anſwer to a Treatiſe of Free Trade, or the meanes to make Trade flouriſh, lately Publiſhed.

Contraria iuxta ſe Poſita magis Eluceſcunt.

By GERARD MALYNES Merchant.

LONDON,
Printed by *I. L.* for *William Sheffard*, and are to be ſold at his ſhop, at the entring in of Popes-head Alley out of Lombard ſtreet. 1622.

1622

"John Hales"
Thomas Mun
Edward Misselden
Gerrard de Malynes

ENGLAND's

TREASURE

BY

Forraign Trade.

OR,

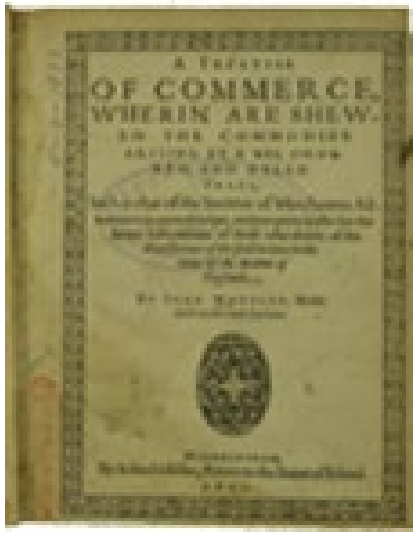
The Ballance of our Forraign Trade

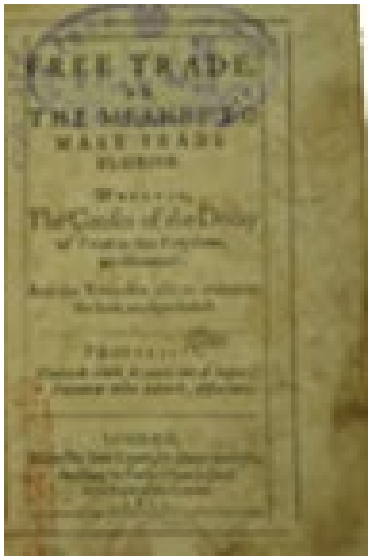
IS

The Rule of our Treaſure.

Written by THOMAS MUN *of* Lond. *Merchant,*
And now publiſhed for the Common good by his Son JOHN MUN *of* Bearſted *in the County of* Kent, *Eſquire.*

LONDON,
Printed by *J. G.* for *Thomas Clark*, and are to be ſold at his Shop at the South entrance of the *Royal Exchange.* 1664.





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WILLIAM SHAKESPEARE, Gentleman.

Imprinted at *London*, in *Fleetſtreate*, neere vnto *Sainct Dunſtone's* Church, by *Thomas Marſhe*, 1581.

Cum Priuilegio.

happened in the later yeares of Kyng Henry the eyght.

Doctor. I doubt not, but if any ſorte of men have licked themſelues whole, yee be the ſame: for what oddes ſoeuer there happen to be in the exchaunge of things, yee that bee marchaunts can eſpy it ſtraight: for example, becauſe yee touched ſomewhat of the coyne, as ſoone as euer yee perceiue the price of that enhaunſed, yee by and by what was to be wonne therein beyonde ſea, raked all the olde coyne for the moſt parte in the realme, and founde the meanes to haue it caryed ouer, ſo as little was lefte behinde within this realme of ſuch olde coyne in a very ſhorte ſpace, which, in my opynion, is a great cauſe of this dearth that hath bene ſince of all things.

That marchaunts beſt ſaue themſelves in euery alteration.

Of our older coyne exhaufted.

Doctor. Mary the firſt way is to make the wooll to be of as baſe pryce to the breeders thereof, as the corne is: and that ſhal be, if yee make a like reſtraint of it for paſſing ouer Sea vnwrought as yee make of corne: another is to increaſe the cuſtome of wooll that paſſeth ouer vnwrought. And by that the price of it ſhal be abated to the breeders, and yet the price ouer Sea ſhal be neuer the leſſe: but that which is increaſed in the pryce thereof on ſtraungers ſhall come to the queenes highneſſe, which is as profitable to the realme as though it came to the breeders, and might relieue them of other ſubſidies. Thus farre as touchinge the bringing downe of the price of woolles, now to the inhaunſinge of the price of corne, to be as good to the huſbandman as wooll ſhould be, and that might be brought to paſſe if yee will let it haue as free paſſage ouer ſea at all times, as yee haue now for wooll.

That a like reſtraint of Wool ſhould be made as is of corne, or none to be ſent ouer.

Gerard de Malynes, fl.1586-1641

- Saint George for England, allegorically described, **1601**.
- A Treatise on the Canker of England's Commonwealth, divided into three parts; wherein the author, imitating the rule of phisitions, first, declareth the disease; secondarily, sheweth the efficient cause thereof; lastly, a remedy for the same, **1601**.
- England's View on the unmasking of two Paradoxes, with a replication unto the answer of Maister Iohn Bodine, **1603**
- Consuetudo vel Lex Mercatoria or the Ancient Law- Merchant, Divided into three parts; according to the essentiall parts of Trafficke, Necessarie for all statesmen, iudges, magistrates, temporall and ciuile lawyers, mint-men, merchants, marriners, and all others negotiating in all places of the world, 1622.
- The Maintenance of Free Trade, according to the three essentiall parts of traffique, namely, commodities, moneys and exchange of moneys, by bills of exchanges for other countries, or an Answer to a treatise of Free Trade or the menes to make trade flourish lately published, **1622**.
- The Centre of the Circle of Commerce. Or a refutation of a Treatise intituled The Circle of Commerce, or the Ballance of Trade, lately published by E.M., **1623.**

SAINT GEORGE FOR ENGLAND, ALlegorically deſcribed:

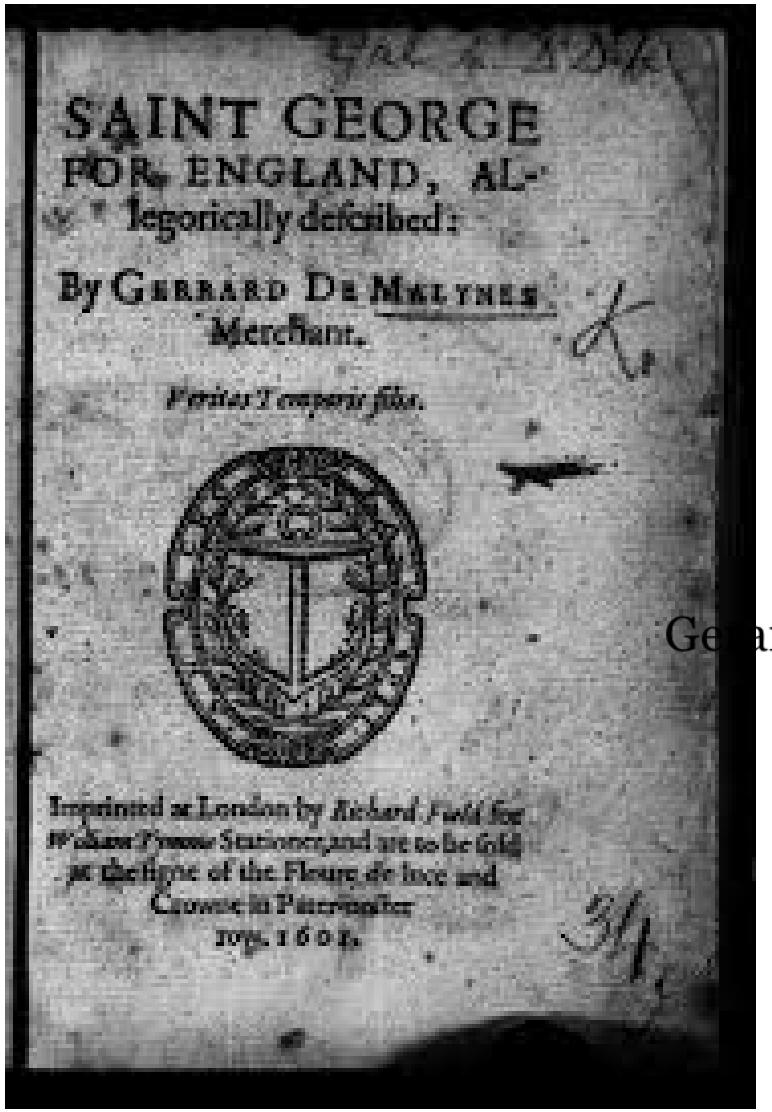
By GERRARD DE MALYNES Merchant.

Veritas Temporis filia.

Imprinted at London by *Richard Field* for *William Tymme* Stationer, and are to be ſold at the ſigne of the Floure de luce and Crowne in Pater-noſter row. 1601.

Gerard de Malynes

countries. This Dragon bringeth inequalitie in a commonwealth by the meanes of his taile, wherein lyeth his greateſt ſtrength, making the expences thereof to ſurmount the reuenues. For he depriueth the Prince (which is the father of this great houſhold) of his treaſure and readie money, which are Nerui bellorum, and is the cauſe of many other inconueniences, as both in this and in another treatiſe I haue deſcribed vnto you. This he effecteth by falſifying the valuation of mony, which is the rule and meaſure of things, which money he cauſed to be made vncertaine, and as it were a merchandize, giuing thereby a wonderfull ability to ſome of the members of a commonwealth to oppreſſe the other: whereby the concord is broken, and men cannot liue in their vocation, by that whereunto they were borne or bred.



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row. 1601.

Gerard de Malynes

uouring of the poore. This dragon is called Fœnus politicum, *his two wings are* Vſura palliata *and* Vſura explicata, *and his taile inconſtant* Cambium. *The virgin is the kings treaſure: the champion* Saint George *is the kings authoritie, armed with the right armor of a Chriſtian: who with the ſword of the ſpirit of Gods moſt holy word, explained and corrobora-*
ouer all other lawes, ſignified by the Pybal horſe whereon he was mounted: did deſtroy the cruell dragon, reſcuing the kings daughter, and deliuering the commonwealth, as by the circumſtances of the hiſtorie may appeare: the Allegorie whereof requireth a due conſideration, which would dilate vnto another treatiſe. Wher-

Gerard de Malynes

A TREATISE OF THE CANKER OF ENGLANDS COMMON wealth.

Deuided into three parts:

Wherein the Author imitating the rule of good Phiſitions,

Firſt, declareth the diſeaſe.
Secondarily, ſheweth the efficient cauſe thereof.
Laſtly, a remedy for the ſame.

By GERRARD DE MALYNES *Merchant.*

Sublata cauſa, tollitur effectus.

Imprinted at London by *Richard Field* for *William Iohnes* printer, dwelling in Red-croſſe-ſtreete in ſhip Allie. 1601.

might be aboliſhed: whereas all of them are not ſufficient, for euery man to enioy, defend and know from another mans that which he calleth his owne proper and priuate goods. But this equality cannot be eſtabliſhed, neither was there any ſuch euer vſed in any age, or commaunded by the word of God, but that poſſeſſing theſe worldly goods, we ſhould ſo vſe them with charity towards others, as though we did not poſſeſſe them at all: Neuertheleſſe (as a commonwealth is nothing elſe but a great houſhold or family:) yet the Prince (being as it were the father of the family) ought to keep a certaine equality in the trade or trafficke betwixt his realme and other countries, not ſuffering an ouerballancing of forreine commodities with his home commodities, or in buying more then he ſelleth. For thereby his treaſure and the wealth of the realme doth decreaſe, and as it were his expences

pences become greater, or do ſurmount his incomes or reuenues.

This is the vnknowne diſeaſe of the politicke body of our weale publicke before mentioned: the efficient cauſe whereof muſt be found out, before any remedy can be applied or deuiſed.

Sublata cauſa, Tollitur effectus: ſayth the Philoſopher: which is graffed in euery mans iudgement, that the cauſe of any thing being taken away, the effect is taken away withall. Hereuppon let vs note, that properly the wealth of the realme cannot decreaſe but three manner of wayes, which is by the tranſportation of ready money, or bullion out of the ſame: by ſelling our home commodities too good cheape: or by buying the forreine commodities too deare, wherein chiefly conſiſteth the aforeſayd ouerballancing, which is the cauſe of inequality, we giuing in effect both mony and commodities, to haue forreine

Gerard de Malynes

Consuetudo, vel, *Lex Mercatoria:*

OR, THE

Ancient Law-Merchant.

Divided into Three PARTS, according to the

ESSENTIAL PARTS

OF

TRAFFICK.

Necessary for

All Statesmen, Judges, Magistrates, Temporal and Civil Lawyers, Mint-Men, Merchants, Mariners, and all Others Negotiating in all Places of the World.

By *GERARD MALYNES* Merchant.

Salus Populi, Suprema Lex esto.

LONDON,

Printed by *J. Redmayne*, for *T. Basset*, at the *George* in *Fleetstreet*; and *R. Smith*, at the *Royal Exchange* in *Cornhil*. 1685.

The Contents.

CHAP. X.
Of Suretiship and Merchants Promises. Pag. 68

CHAP. XI.
Of the Revolution of Buying and Selling of Commodities in the course of Trafick. 70

CHAP. XII.
Of the transferring and setting over of Bills obligatory between Merchants and others. 72

CHAP. XIII.
Of the nature of Bills obligatory beyond the Seas, and in England. 74

CHAP. XIV.
Of Letters of Credit, and Blanks signed. 76

CHAP. XV.
Of Letters of Attorney, or Procurations and Transports, and Conveyances. 78

CHAP. XVI.
Of Factors and Servants, and Commissions given unto them. 81

CHAP. XVII.
Of the beginning of Sea-Laws. 87

CHAP. XVIII.
Of the manner of proceeding in Sea-faring Causes. 88

CHAP. XIX.
Of buying and selling of Commodities by Contracts. 89

CHAP. XX.
Of Banks and Bankers. 95

CHAP. XXI.
Of the Fraighting of Ships, Charter-parties, and Bills of Lading. 97

CHAP. XXII.
Of the Master of the Ship, his power, and duty of the Master to the Merchant. 102

CHAP. XXIII.
Of the Duties and Priviledges of Mariners. 104

CHAP. XXIV.
Of the Office of Assurances, and the ancient Custom of the same. 105

CHAP. XXV.
Of Policies of Assurances, and the Substance of them, and of Contributions. 108

CHAP. XXVI.
Of the manner of Contribution, or Averidges. 113

CHAP. XXVII.
Of the Particulars to be observed in Assurances. 114

CHAP. XXVIII.
Of the manner of proceeding for Assurances in case of Losses. 115

CHAP.

THE

MAINTENANC OF FREE TRADE

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Gerard de Malynes

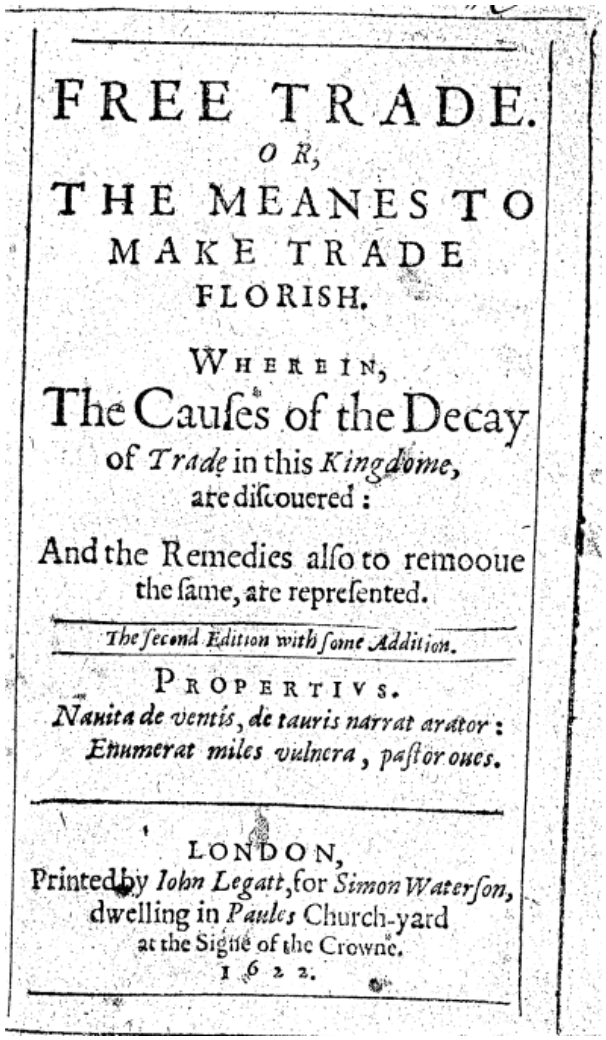
The Epiſtle

Præheminent ſtudie of Princes; the rather, becauſe the Sacred wiſdome hath approued this *Axiom*: That a King is miſerable (how rich ſoeuer he be:) if he Raignes ouer a poore people; and that, that Kingdome is not able to ſubſiſt (how Rich and Potent ſoeuer the people be:) if the King bee not able to maintaine his Eſtate. Both which, (being Relatiues) are depending vpon Traffique and Trade, which is performed vnder *Three Simples* or *Eſſentiall parts*, namely, *Commodities, Moneys, and Exchange for Moneys by Bills*. Whereupon hauing lately peruſed a *Treatiſe* intituled *Free Trade*, or, *The meanes to make Trade flouriſh*; wherein the Author, either ignorantly or wilfully, hath omitted to handle *The Prædominant Part of Trade*, namely, *the Myſtery of Exchange*: which is the *Publike meaſure* betweene vs and other Nations, according to which, all our Commodities are bought and ſold in forraine parts: his only *Scope* being, to haue the Moneys of the Kingdome

Dedicatory.

Kingdome inhaunced in price, and the forraine Coynes made Currant within the Realme at high Rates, (whereby great inconueniences will follow:) I could not but bee moued, both by my faithfull alleageance due vnto your Maieſtie, and the obſeruant duty owing by mee, to the Publike good:) To make an anſwere to the materiall points of the ſaide Treatiſe, by comparing things by contraries for the better illuſtration; the rather for that it was publiſhed *in Articulo temporis*, when your Maieſties vigilant Princely Care, had beene pleaſed to referre the Conſideration of this important buſineſſe of State, to the learned, Lord *Vizcount Maundeuile*, Lord Preſident of your Maieſties moſt Honourable Priuy Councell, and other perſons of knowledge and experience: amongſt whom (although vnworthy) my ſelfe was called, and our opinions were certified vnto your Highneſſe.

For the Conſideration of this weighty matter of great Conſequence, is abſolutely



FREE TRADE.
OR,
THE MEANES TO
MAKE TRADE
FLORISH.

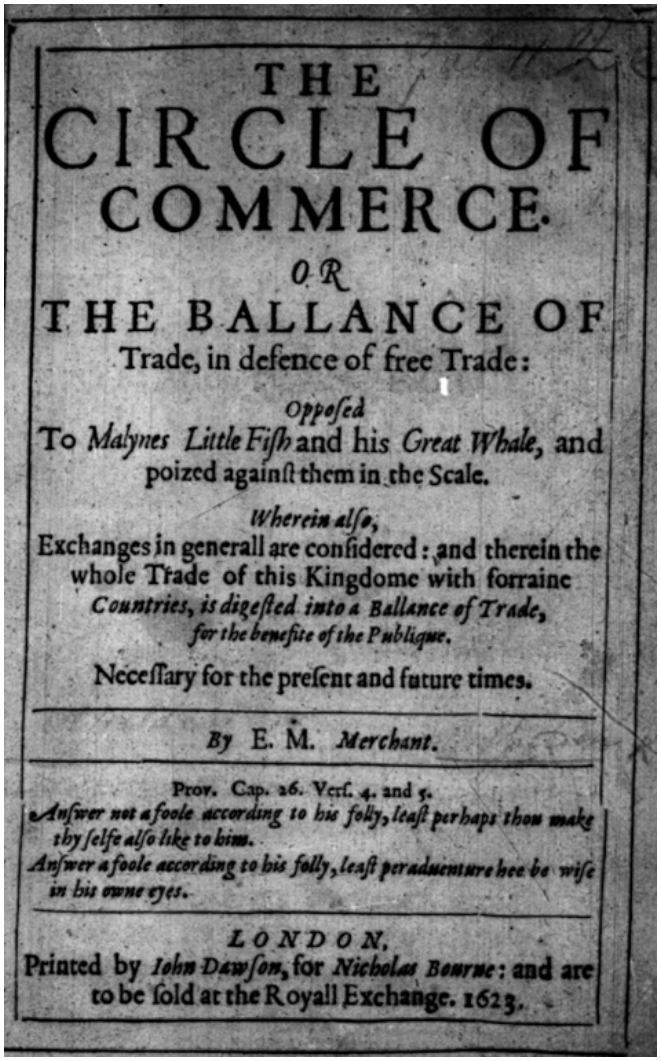
WHEREIN,
The Cauſes of the Decay
of *Trade* in this *Kingdome*,
are diſcouered:

And the Remedies alſo to remooue
the ſame, are repreſented.

The ſecond Edition with ſome Addition.

PROPERTIVS.
Nauita de ventis, de tauris narrat arator:
Enumerat miles vulnera, paſtor oues.

LONDON,
Printed by *Iohn Legatt*, for *Simon Waterſon*,
dwelling in *Paules* Church-yard
at the Signe of the Crowne.
1622.



THE
CIRCLE OF
COMMERCE.
OR
THE BALLANCE OF
Trade, in defence of free Trade:

Oppoſed
To *Malynes Little Fiſh* and his *Great Whale*, and
poized againſt them in the Scale.

Wherein alſo,
Exchanges in generall are conſidered: and therein the
whole Trade of this Kingdome with forraine
Countries, is digeſted into a Ballance of Trade,
for the benefite of the Publique.

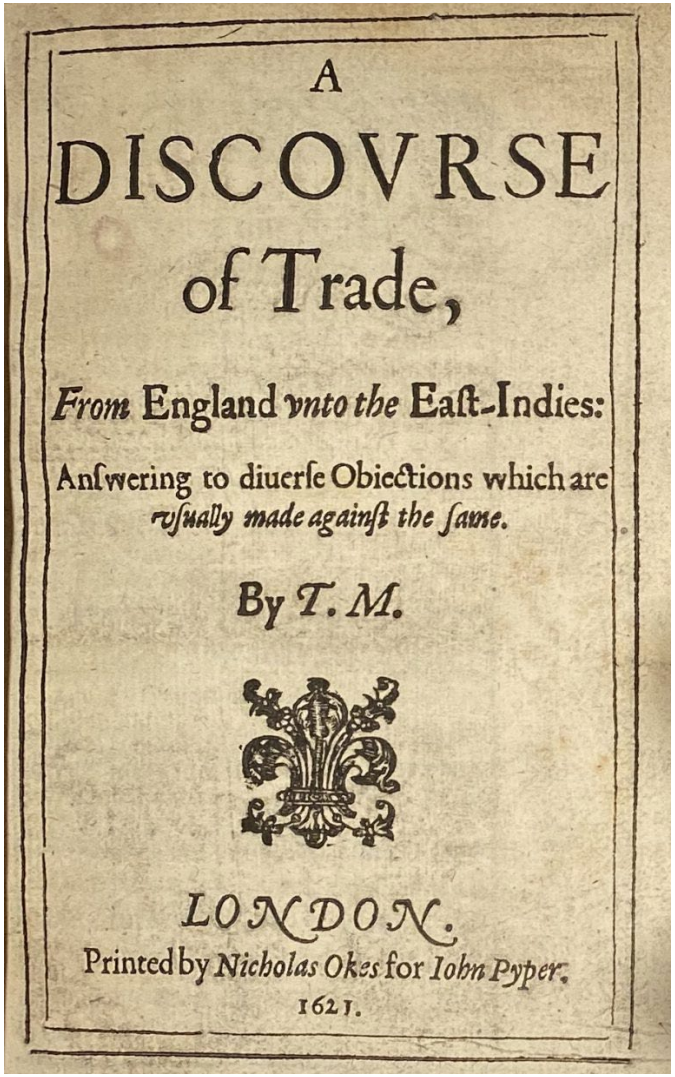
Neceſſary for the preſent and future times.

By E. M. *Merchant.*

Prov. Cap. 26. Verſ. 4. and 5.
Anſwer not a foole according to his folly, leaſt perhaps thou make
thy ſelfe alſo like to him.
Anſwer a foole according to his folly, leaſt peraduenture hee be wiſe
in his owne eyes.

LONDON,
Printed by *Iohn Dawſon*, for *Nicholas Bourne*: and are
to be ſold at the Royall Exchange. 1623.

Edward Misselden
1608-1654



A

DISCOVRSE of Trade,

From England *vnto the* East-Indies:

Answering to diuerse Obiections which are *vsually made against the same.*

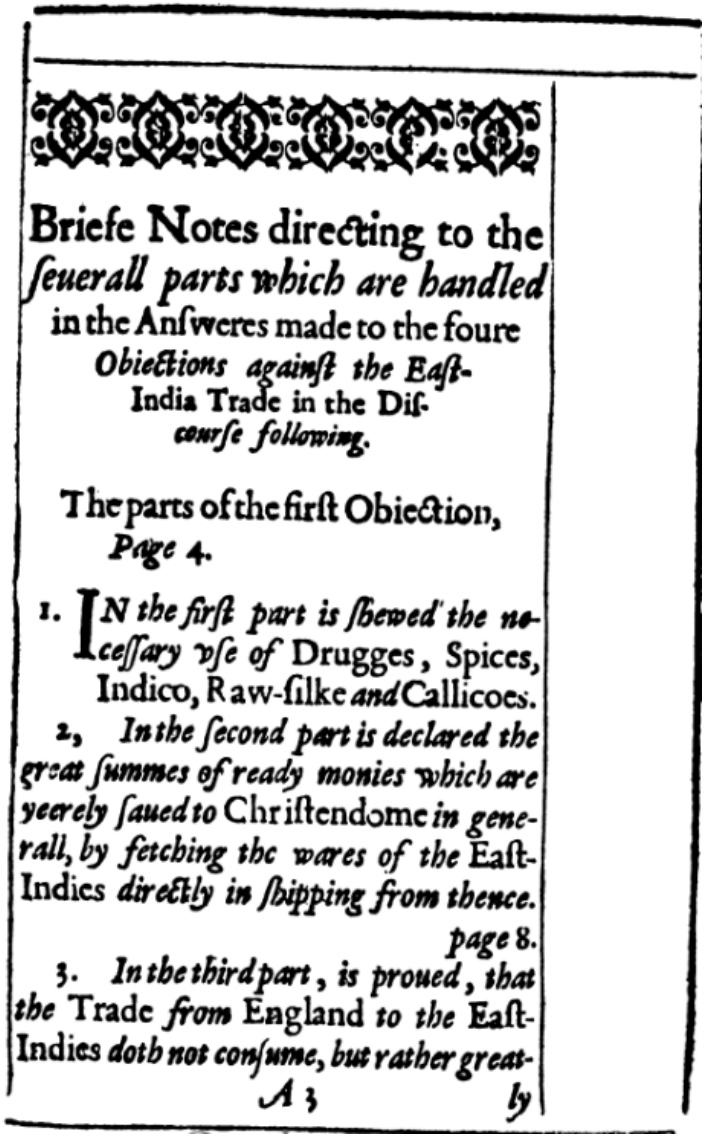
By *T. M.*

LONDON.

Printed by *Nicholas Okes* for *Iohn Pyper.*

1621.

Thomas Mun
1571-1641



Briefe Notes directing to the *seuerall parts which are handled* in the Answeres made to the foure *Obiections against the East-*India Trade in the Dis*course following.*

The parts of the first Obiection, *Page* 4.

1. IN *the first part is shewed the ne*ceſſary *vse of* Drugges, Spices, Indico, Raw-silke *and* Callicoes.

2, *In the second part is declared the great summes of ready monies which are yeerely saued to* Christendome *in gene*rall, *by fetching the wares of the* East-Indies *directly in shipping from thence.* *page* 8.

3. *In the third part, is proued, that the* Trade *from* England *to the* East-Indies *doth not consume, but rather great-*

ly increaſe the generall ſtocke and Treaſure of this Realme. *page* 19.

The parts of the ſecond Obiection, *Page* 29.

1. *In the firſt part is ſet forth the noble vſe of Ships; and that the timber, planke, and other Materials of this* Kingdome *for the building of Shipping, are neither become ſcant nor dearer ſince the* Eaſt-India Trade *begamne.* *Ibidem.*

2. *In the ſecond part is ſhewed the great ſtrength of ſhipping and warlike prouiſions, which the* Eaſt-India *Company haue alwayes in readineſſe for the ſeruice of the* Kingdome. *pag.* 31.

The parts of the third Obiection, *page* 33.

1. *The* Eaſt-India Trade *doth not make victuals deare, but is a meanes to increaſe our plenty.* *Ibidem.*

2. *It breedeth more Marriners then it doth ordinarily conſume, and diſburtheneth*

neth the Kingdome *of very many leude people.* *page* 35.

3. *It hath not deſtroyed any other Trade or ſhipping of this* Realme, *but hath encreaſed both the one and the other; beſides the great addition of it ſelfe vnto the ſtrength and traffique of this* Kingdome. *page* 37.

4. *It doth not increaſe the number of the poore of this* Realme (*as is erroniouſly ſuppoſed*) *but it doth maintayne and releeue many hundreds of people by their imployments, and Charitie.* *page* 42.

5. *It doth ſaue the* Kingdome *yeerely* 75000. *l.* *ſterling, or thereabouts, of that which it was accuſtomed to ſpend in* Spices *and* Indico *onely, when they were brought vs from* Turkey *and* Lixborne. *page* 43.

The parts of the fourth Obiection, *Page* 46.

1. *The* Eaſt-India Trade *doth not hinder*

ENGLAND's TREASURE BY Forraign Trade.

OR,

The Ballance of our Forraign Trade IS The Rule of our Treasure.

Written by THOMAS MUN *of* Lond. *Merchant,*
And now published for the Common good by his Son JOHN MUN *of* Bearsted *in the County of* Kent, *Esquire.*

LONDON,
Printed by *J. G.* for *Thomas Clark*, and are to be sold at his Shop at the South entrance of the *Royal Exchange.* 1664.

The Qualities which are required in a perfect Merchant of Forraign Trade.

THe love and service of our Country consisteth not so much in the knowledge of those duties which are to be performed by others, as in the skilful practice of that which is done by our selves; and therefore (my Son) it is now fit that I say something of the Merchant, which I hope in due time shall be thy Vocation: Yet herein are my thoughts free from all Ambition, although I rank thee in a place of so high estimation; for the Merchant is worthily called *The Steward of the Kingdoms Stock*, by way of Commerce with other Nations; a work of no less *Reputation* than *Trust*, which ought to be performed with great skill and conscience, that so the private gain may ever accompany the publique good. And because the nobleness of this Profession may the better stir up thy desires and endeavours to obtain those abilities which may effect it worthily, I will briefly set down the excellent qualities which are required in a perfect Merchant.

As it is very commendable to know what is to be done by others in their places: So it were a great shame to be ignorant in the duties of our own Vocations.

1. He ought to be a good Penman, a good Arithmetician, and a good Accomptant, by that noble order of *Debtor* and *Creditor*, which is used onely amongst Merchants; also to be expert in the order and form of *Charter-parties, Bills of Lading, Invoyces, Contracts, Bills of Exchange*, and *Policies of Ensurance.*

2. He ought to know the Measures, Weights, and Monies of all forraign Countries, especially where we have Trade, & the Monies not onely by their several denominations, but also by their intrinsique values in weight & fineness, compared with the Standard of this Kingdome, without which he cannot well direct his affaires.

3. He ought to know the Customs, Tolls, Taxes, Impositions, Conducts and other charges upon all manner of Merchandize exported or imported to and from the said Forraign Countries.

4. He ought to know in what several commodities each Country abounds, and what be the wares which they want, and how and from whence they are furnished with the same.

5. He ought to understand, and to be a diligent observer of the rates of Exchanges by Bills, from one State to another, whereby he may the better direct his affairs, and remit over and receive home his Monies to the most advantage possible.

6. He ought to know what goods are prohibited to be exported or imported in the said forraign Countreys, lest otherwise he should incur great danger and loss in the ordering of his affairs.

7. He ought to know upon what rates and conditions to fraight his Ships, and ensure his adventures from one Countrey to another, and to be well acquainted with the laws, orders and customes of the Ensurance office both here and beyond the Seas, in the many accidents which may happen upon the damage or loss of Ships or goods, or both these.

8. He ought to have knowledge in the goodness and in the prices of all the several materials which are required for the building and repairing of Ships, and the divers workmanships of the same, as also for the Masts, Tackling, Cordage, Ordnance, Victuals, Munition and Provisions of many kinds; together with the ordinary wages of *Commanders*, *Officers* and *Mariners*, all which concern the Merchant as he is an Owner of Ships.

9. He ought (by the divers occasions which happen sometime in the buying and selling of one commodity and sometimes in another) to have indifferent if not perfect knowledge in all manner of Merchandize or wares, which is to be as it were a man of all occupations and trades.

10. He ought by his voyaging on the Seas to become skilful in the Art of Navigation.

11. He ought as he is a Traveller, and sometimes abiding in forraign Countreys to attain to the speaking of divers

Languages, and to be a diligent observer of the ordinary Revenues and expences of forraign Princes, together with their strength both by Sea and Land, their laws, customes, policies, manners, religions, arts, and the like; to be able to give account thereof in all occasions for the good of his Countrey.

12. Lastly, although there be no necessity that such a Merchant should be a great Scholar; yet is it (at least) required, that in his youth he learn the Latine tongue, which will the better enable him in all the rest of his endeavours.

Thus have I briefly shewed thee a pattern for thy diligence, the Merchant in his qualities; which in truth are such and so many, that I find no other profession which leadeth into more worldly knowledge. And it cannot be denied but that their sufficiency doth appear likewise in the excellent government of State at *Venice*, *Luca*, *Genoua*, *Florence*, the low Countreys, and divers other places of Christendom. And in those States also where they are least esteemed, yet is their skill and knowledge often used by those who sit in the highest places of Authority: It is therefore an act beyond rashness in some, who do dis-enable their Counsel and judgment (even in books printed) making them uncapable of those ways and means which do either enrich or empoverish a Common-wealth, when in truth this is only effected by the mystery of their trade, as I shall plainly shew in that which followeth. It is true indeed that many Merchants here in *England* finding less encouragement given to their profession than in other Countreys, and seeing themselves not so well esteemed as their *Noble Vocation* requireth, and according to the great consequence of the same, doe not therefore labour to attain unto the excellencie of their profession, neither is it practised by the *Nobility* of this Kingdom as it is in other States from the Father to the Son throughout their generations, to the great encrease of their wealth, and maintenance of their names and families: Whereas the memory of our richest Merchants is suddenly extinguished; the Son being left rich, scorneth the profession of his Father, conceiving more honor to be a Gentleman (although but in

There is more honor and profit in an Industrious life, than in a great Inheritance which wasteth for want of vertue.

CHAP. II.

The means to enrich this Kingdom, and to encrease our Treasure.

ALthough a Kingdom may be enriched by gifts received, or by purchase taken from some other Nations, yet these are things uncertain and of small consideration when they happen. The ordinary means therefore to encrease our wealth and treasure is by *Forraign Trade*, wherein wee must ever observe this rule; to sell more to strangers yearly than wee consume of theirs in value. For suppose that when this Kingdom is plentifully served with the Cloth, Lead, Tinn, Iron, Fish and other native commodities, we doe yearly export the overplus to forraign Countries to the value of twenty two hundred thousand pounds; by which means we are enabled beyond the Seas to buy and bring in forraign wares for our use and Consumptions, to the value of twenty hundred thousand pounds; By this order duly kept in our trading, we may rest assured that the Kingdom shall be enriched yearly two hundred thousand pounds, which must be brought to us in so much Treasure; because that part of our stock which is not returned to us in wares must necessarily be brought home in treasure.

Forraign Trade is the rule of our Treasure.

Again, some men have alleged that those Countries which permit mony to be carried out, do it because they have few or no wares to trade withall: but wee have great store of commodities, and therefore their action ought not to be our example.

To this the answer is briefly, that if we have such a quantity of wares as doth fully provide us of all things needful from beyond the seas: why should we then doubt that our monys sent out in trade, must not necessarily come back again in treasure; together with the great gains which it may procure in such manner as is before set down? And on the other side, if those Nations which send out their monies do it because they have but few wares of their own, how come they then to have so much Treasure as we ever see in those places which suffer it freely to be exported at all times and by whomsoever? I answer, *Even by trading with their Moneys;* for by what other means can they get it, having no Mines of Gold or Silver?

Thus may we plainly see, that when this weighty business is duly considered in his end, as all our humane actions ought well to be weighed, it is found much contrary to that which most men esteem thereof, because they search no further than the beginning of the work, which mis-informs their judgments, and leads them into error: For if we only behold the actions of the husbandman in the seed-time when he casteth away much good corn into the ground, we will rather accompt him a mad man than a husbandman: but when we consider his labours in the harvest which is the end of his endeavours, we find the worth and plentiful encrease of his actions.

Our humane actions ought especially to be considered in their ends.

banks, and suddenly remain dry again for want of waters.

Behold then the true form and worth of forraign Trade, which is, *The great Revenue of the King, The honour of the Kingdom, The Noble profession of the Merchant, The School of our Arts, The supply of our wants, The employment of our poor, The improvement of our Lands, The Nurcery of our Mariners, The walls of the Kingdoms, The means of our Treasure, The Sinnews of our wars, The terror of our Enemies.* For all which great and weighty reasons, do so many well governed States highly countenance the profession, and carefully cherish the action, not only with Policy to encrease it, but also with power to protect it from all forraign injuries: because they know it is a Principal in Reason of State to maintain and defend that which doth Support them and their estates.

FINIS.

BY

CHARLES DAVENANT

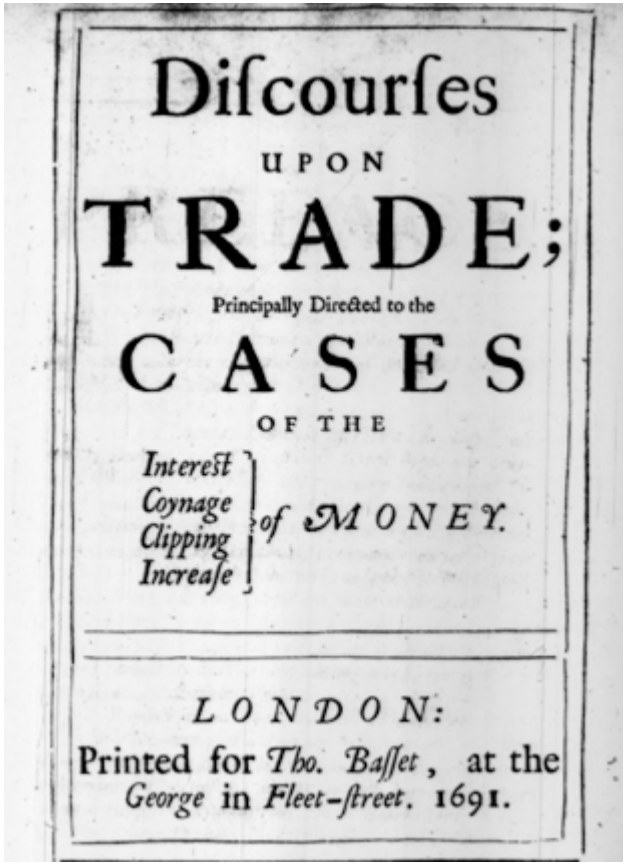
I—A Memorial Concerning the Coyn of England. November, 1695.

II—A memoriall concerning Creditt. July 15, 1696.

Charles D'Avenant,
1656-1714

2dly—If there should be a want of Species, and of Credit, there must happen a generall decay in the fforraigne Trade and Manufactures of the Kingdom. The spring and originall of all our Commerce abroad, arises from the Materialls that our soil produces, and those Çommodityes which from thence are manufactured. If the stock of 30. Millions formerly running in Credit be much diminished, and if the species of mony be likewise wanting to carry on the Minuter business in ye Market, and for payment of labouring men and Artificers, the Manufactures of the Nation must stand still, and if We have not Goods to export, we must expect no Importation, but such as shall be destructive to us. Numbers of men, Industry, Advantagious situation, Good ports, skill in Maritime affaires, with a good Annuall Income from the Earth, are true and lasting Riches to a Country; But to put a Value upon all this, and to give life and motion to the whole, there must be a quick stock running among the people, and alwayes where that stock increases, the Nation growes strong and powerfull; and where it visibly decayes, that decay is generally attended wth publick Ruin.

Sir Dudley North
(1641-1691)



Discourſes
UPON
TRADE;
Principally Directed to the
CASES
OF THE
Intereſt
Coynage
Clipping
Increaſe
of MONEY.

LONDON:
Printed for *Tho. Baſſet*, at the *George* in *Fleet-ſtreet*. 1691.

Trade is nothing elſe but a Commutation of Superfluities ; for inſtance : I give of mine, what I can ſpare, for ſomewhat of yours, which I want, and you can ſpare.

Thus Trade, whilſt it is reſtrained within the limits of a Town, Country, or Nation, ſignifieth only the Peoples ſupplying each other with Conveniences, out of what that Town, Country, or Nation affords.

And in this, he who is moſt diligent, and raiſeth moſt Fruits, or maketh moſt of Manufactory, will abound moſt in what others make, or raiſe ; and conſequently be free from Want, and enjoy moſt Conveniences, which is truly to be Rich, altho' there were no ſuch thing as Gold, Silver, or the like amongſt them.

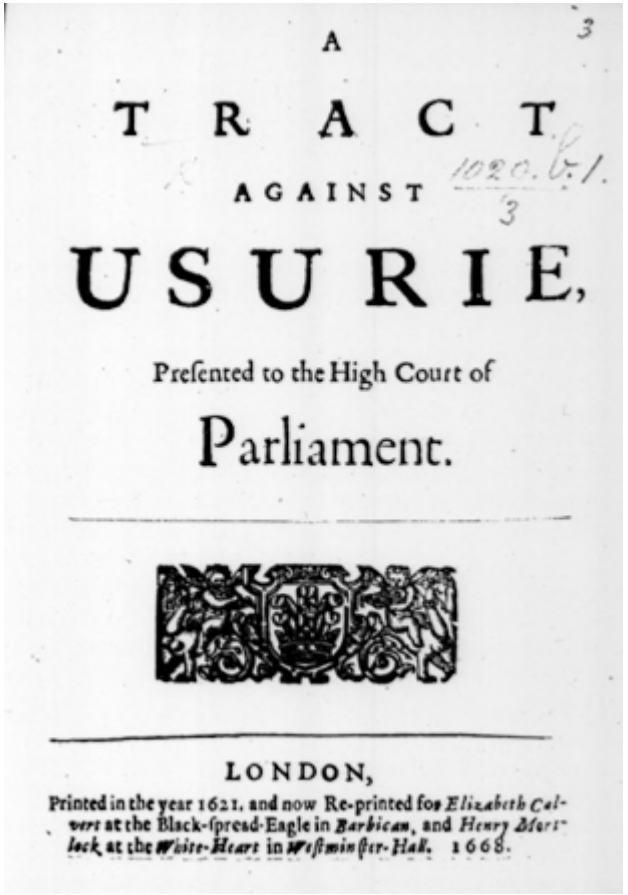
Let a Law be made, and what is more, be obſerv'd, that no Man whatſoever ſhall carry any Money out of a particular Town, County, or Diviſion, with liberty to carry Goods of any ſort : ſo that all the Money which every one brings with him, muſt be left behind, and none be carried out. D The

The conſequence of this would be, that ſuch Town, or County were cut off from the reſt of the Nation ; and no Man would dare to come to Market with his Money there ; becauſe he muſt buy, whether he likes, or not : and on the other ſide, the People of that place could not go to other Markets as Buyers, but only as Sellers, being not permitted to carry any Money out with them.

Now would not ſuch a Conſtitution as this, ſoon bring a Town or County to a miſerable Condition, with reſpect to their Neighbours, who have free Commerce, whereby the Induſtrious gain from the ſlothful and luxurious part of Mankind? The Caſe is the ſame, if you extend your thought from a particular Nation, and the ſeveral Diviſions, and Cities, with the Inhabitants in them, to the whole World, and the ſeveral Nations, and Governments in it. And a Nation reſtrained in its Trade, of which Gold and Silver is a principal, if not an eſſential Branch, would ſuffer, and grow poor, as a particular place within a Country, as I have diſcourſed. A Nation in the World, as to Trade, is in all reſpects like a City in a Kingdom, or Family in a City.

Sir Dudley North
(1641-1691)

Sir Josiah Child
(c. 1630–1699)



A TRACT AGAINST USURIE,

Presented to the High Court of Parliament.

LONDON,

Printed in the year 1621. and now Re-printed for *Elizabeth Calvert* at the Black-spread-Eagle in *Barbican*, and *Henry Mortlock* at the *White-Heart* in *Westminster-Hall*. 1668.

Sir Josiah Child
(c. 1630–1699)

BRIEF
OBSERVATIONS
CONCERNING
TRADE,
AND
Intereſt of Money

By J. C.

LONDON,
Printed for *Elizabeth Calvert* at the Black-ſpread-Eagle in *Barbican*, and *Henry Mortlock* at the Sign of the *White Heart* in *Weſtminſter-Hall*. 1668.

A

DISCOURSE

ABOUT

TRADE,

Wherein the Reduction of Intereſt of Money to 4 *l. per Centum*, is Recommended.

Methods for the Employment and Maintenance of the Poor are propoſed.

Several weighty Points relating to Companies of MERCHANTS.

The Act of NAVIGATION.

NATURALIZATION of Strangers.

Our WOOLLEN MANUFACTURES.

The BALLANCE of TRADE.

And the Nature of Plantations, and their Conſequences in relation to the Kingdom, are ſeriouſly Diſcuſſed.

And ſome Arguments for erecting a Court of Merchants for determining Controverſies, relating to Maritime Affairs, and for a Law for Transferrance of Bills of Debts, are humbly Offered.

Never before Printed.

Printed by *A. Sowle*, at the *Crooked-Billet* in *Holloway-Lane*: And Sold at the *Three Keys* in *Nags-head-Court*, *Gracechurch Street*, 1690.

A

DISCOURSE

CONCERNING

TRADE,

And that in particular of

The East-Indies.

Wherein ſeveral weighty Propoſitions are fully diſcuſſed, and the State of the *Eaſt-India* Company is faithfully ſtated.

To proceed, the Propoſitions intended to be handled, follow.

First, *That the* East-India *Trade is the moſt National of all forreign Trades.*

Which is thus proved, (*viz.*)

1. WHat the *Dutch*, *French*, *Danes*, *Portugals*, and which not long ſince the *Swedes*, and now the *Duke of Brandenburgh*, have with ſo great charge and expence attempted, and hedged about with *Laws and Encouragements*, muſt certainly be matter of the greateſt *National* Conſequence.

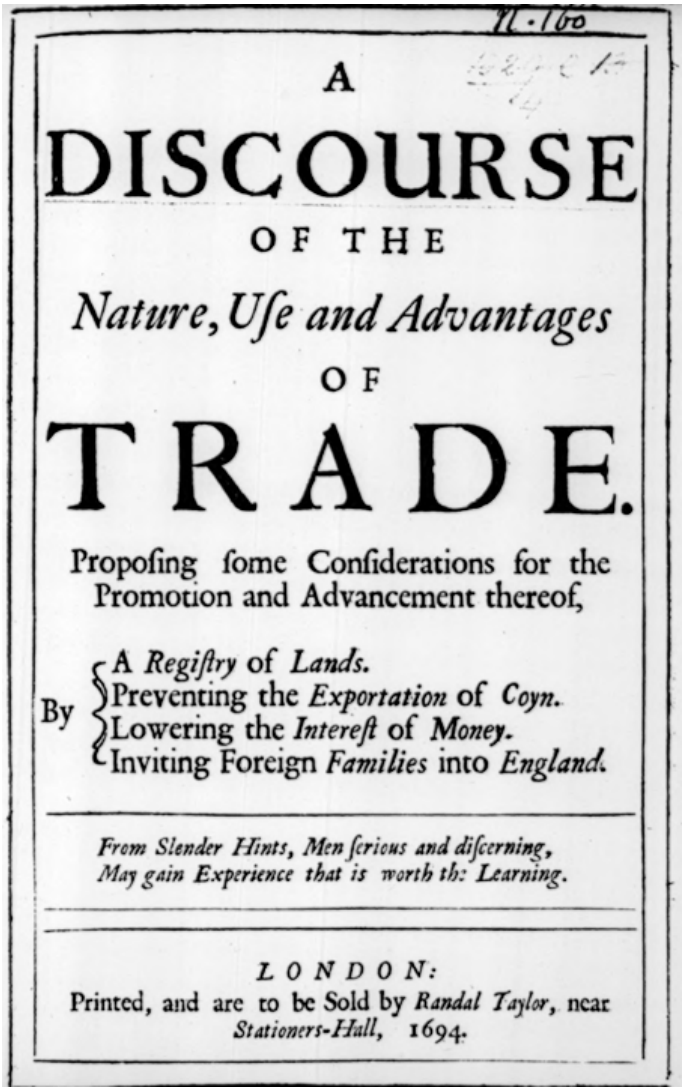
2. This *Trade* imploys more great War-like *Engliſh Ships* from 50 to 70 Guns, then all the Trades of the World from *England* beſides.

3. This *Trade* alone furniſhes us with *Salt-Petre*, a moſt neceſſary Commodity.

4. Above four fifth Parts of the Commodities imported by this Trade, are again exported, to the vaſt encreaſe of *Navigation*; by the returns of which, more than treble the *Bullion* is imported that was firſt exported to *India*.

5. If the Trade of the *Eaſt-Indies* were not in *Engliſh* hands, the *Eaſt-India* Commodities would come in from *Holland*, and that with this difference, that we ſhould pay as much for *Pepper* now ſold for 8 *d.* the pound, as for *Nutmegs*, *Cloves*, *Mace*, *Cinnamon*, which is from 6 *s.* to 15 *s. per* pound, which tho' cheaper at the places of their growth, the *Dutch* enhaunſe by having the ſole Trade for them; this ſaves the *Kingdom* in that reſpect only 500000 *l. per annum*.

6. This Trade doth more work upon the *Manufactures* of our *Neighbours*, than any other *forreign* Trade; and whatever weakens them, enriches and ſtrengthens *England*. it is reaſonably computed, that *Italy*, *France*, *Holland*, *Flanders*, &c. (*the Staple Countries for Silks and fine Linnens*) by the Importation of *Eaſt-India* Silks and Callicoes, not only into *England*, but from thence into thoſe Countries, are abated in thoſe fine Manufactures above a *Million of Pounds* Sterling *per annum*.



A

DISCOURSE

OF THE

Nature, Use and Advantages

OF

TRADE.

Propoſing ſome Conſiderations for the Promotion and Advancement thereof,

By
- A *Regiſtry* of *Lands.*
- Preventing the *Exportation* of *Coyn.*
- Lowering the *Intereſt* of *Money.*
- Inviting Foreign *Families* into *England.*

From Slender Hints, Men ſerious and diſcerning,
May gain Experience that is worth the Learning.

LONDON:
Printed, and are to be Sold by *Randal Taylor*, near *Stationers-Hall*, 1694.

That Trade does contribute in a very great meaſure, to the Honour, Strength, Wealth and Preſervation of our Government.

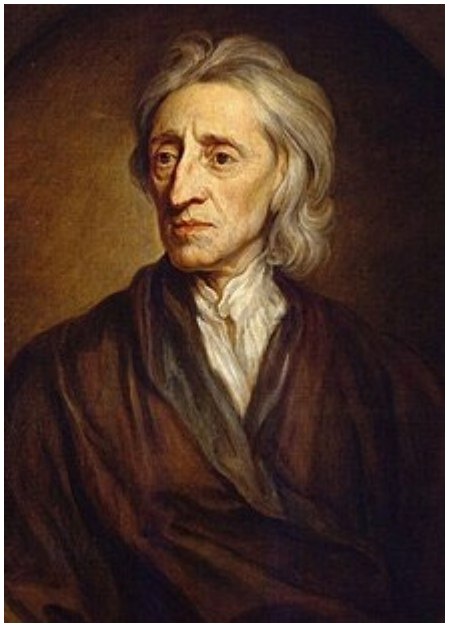
That the principal Foundation of our Trade, is derived out of the Land and the Sea.

That the produce of the Land and of the Sea is improved by Manufacture and Merchandize.

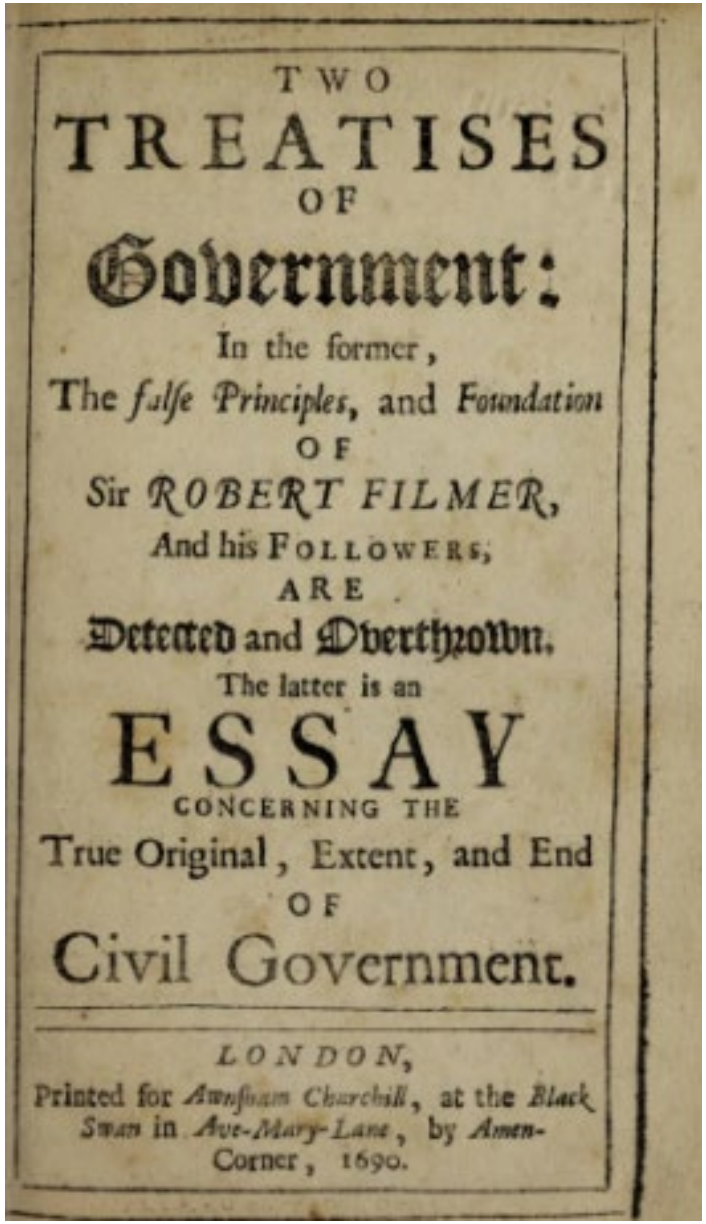
That the Multiplicity of People increaſe Manufacture and Merchandize.

That Money is the principal medium, whereby People promote Trade.

That Land which is a Subſtantial valuable and laſting Fund; being made a ſafe and ready ſecurity, whereon Money may be borrowed



John Locke
(1632-1704)



TWO
TREATISES
OF
Government:
In the former,
The *false Principles*, and *Foundation*
OF
Sir ROBERT FILMER,
And his FOLLOWERS,
ARE
Detected and Overthrown.
The latter is an
ESSAY
CONCERNING THE
True Original, Extent, and End
OF
Civil Government.

LONDON,
Printed for *Awnſham Churchill*, at the *Black Swan* in *Ave-Mary-Lane*, by *Amen-Corner*, 1690.

CHAP. V.

Of PROPERTY.

5. WHether we consider natural Reason, which tells us, that Men, being once born, have a right to

27. Though the Earth, and all inferior Creatures be common to all Men, yet every Man has a *Property* in his own *Person*. This no Body has any Right to but himself. The *Labour* of his Body, and the *Work* of his Hands, we may say, are properly his. Whatsoever then he removes out of the State that Nature hath provided, and left it in, he hath mixed his Labour with it, and joined to it some-

thing that is his own, and thereby make it his Property. It being by him remove from the common state Nature placed i in, it hath by this labour something an nexed to it, that excludes the commo right of other Men. For this *labour* being the unquestionable Property of the La bourer, no Man but he can have a righ to what that is once joined to, at leas where there is enough, and as good left i common for others.

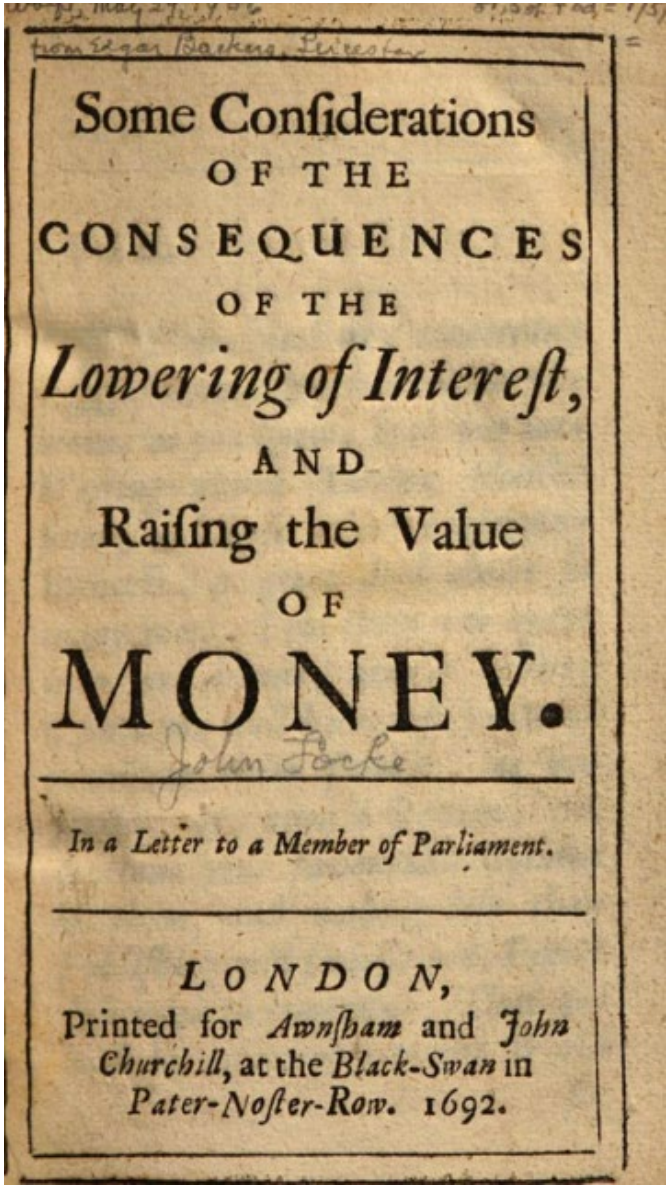
CHAP. V.

Of PROPERTY.

5. WHether we consider natural Reason, which tells us, that men, being once born, have a right to

40. Nor is it so strange as perhaps before consideration it may appear, that the Property of labour should be able to overballance the Community of Land. For 'tis labour indeed that puts the difference of value on every thing; and let any one consider, what the difference is between an Acre of Land planted with Tabaco, or Sugar, sown with Wheat or Barley; and an Acre of the same Land lying in common, without any Husbandry upon it; and he will find, that the improvement

ment of labour makes the far greater part of the value. I think it will be but a very modest Computation to say, that of the Products of the Earth useful to the Life of Man $\frac{9}{10}$ are the effects of labour: nay, if we will rightly estimate things as they come to our use, and cast up the several expences about them, what in them is purely owing to Nature, and what to labour, we shall find, that in most of them $\frac{99}{100}$ are wholly to be put on the account of labour.

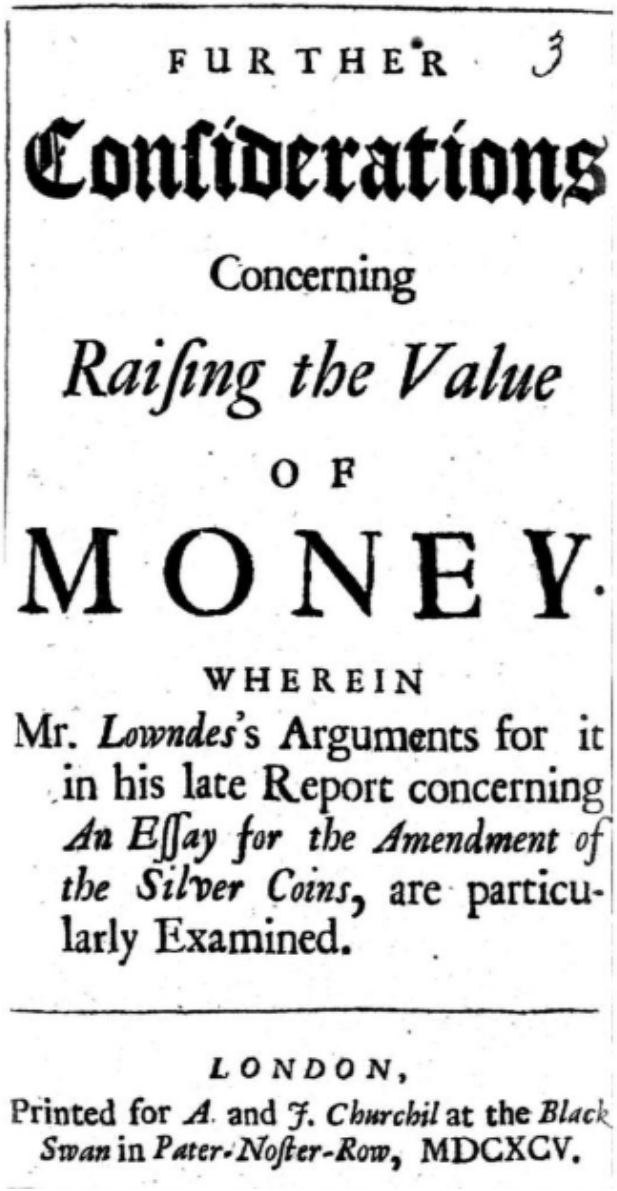


Some Considerations
OF THE
CONSEQUENCES
OF THE
Lowering of Interest,
AND
Raising the Value
OF
MONEY.

John Locke

In a Letter to a Member of Parliament.

LONDON,
Printed for *Awnsham* and *John Churchill*, at the *Black-Swan* in *Pater-Noster-Row.* 1692.



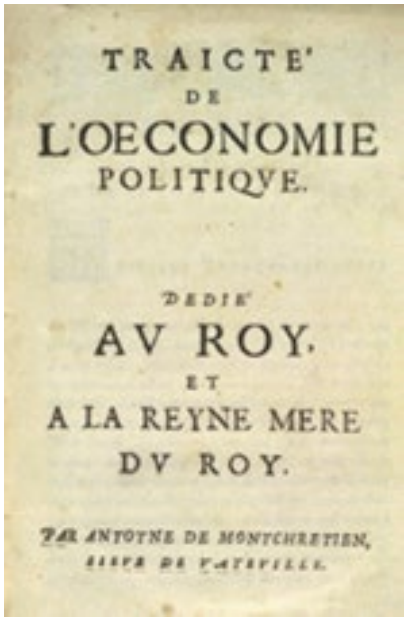
FURTHER 3
Considerations
Concerning
Raising the Value
OF
MONEY.

WHEREIN
Mr. *Lowndes*'s Arguments for it in his late Report concerning *An Essay for the Amendment of the Silver Coins*, are particularly Examined.

LONDON,
Printed for *A.* and *J. Churchil* at the *Black Swan* in *Pater-Noster-Row*, MDCXCV.

Jean Bodin,
1530-1596.

LA RESPONSE
DE MAISTRE IEAN
BODIN ADVOCAT EN LA COVR
au paradoxe de monſieur de Maleſtroit,
touchant l'encheriſſement de toutes choſes, & le moyen d'y remedier.
A monſieur Preuoſt, Seigneur de Morſan,
Preſident pour le Roy en ſa
cour de parlement.
A PARIS.
Chez Martin le Ieune, rue S. Iean de
Latran à l'enſeigne du Serpent.
1568.

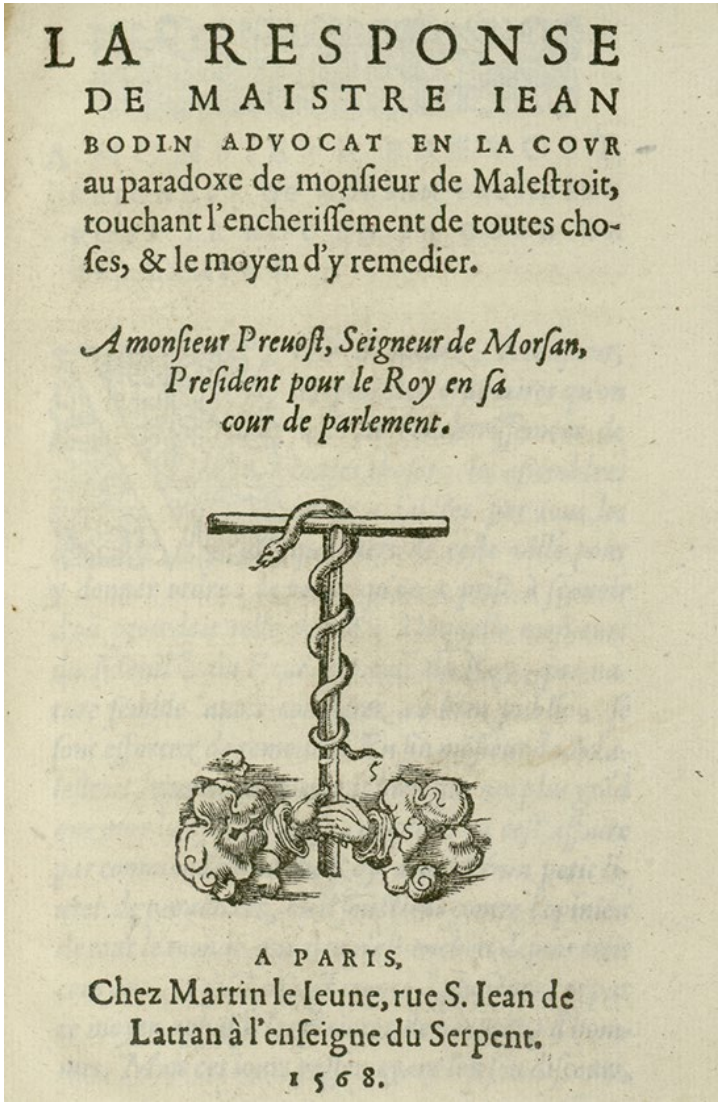


Antoine de Montchretien,
Sieur de Vatteville, 1575-1621

Jean Baptiste Colbert,
1619-1683.

French mercantilism

Jean Bodin (c. 1530 – 1596)



LA RESPONSE
DE MAISTRE IEAN
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au paradoxe de monſieur de Maleſtroit,
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A PARIS,
Chez Martin le Ieune, rue S. Iean de
Latran à l'enſeigne du Serpent.
1568.

Jean Baptiste Colbert
1619-1683

Memorandum on Trade to Louis XIV, 1664

As for foreign trade:
It is certain that except for a few ships from Marseilles that go to the Levant [the eastern Mediterranean], maritime trade in the kingdom does not exist, to the point that for the French West Indies one-hundred-fifty Dutch vessels take care of all the trade, carry there the foodstuffs that grow in Germany and the goods manufactured by themselves, and carry back sugar, tobacco, dyestuffs, which they [the Dutch] take home, where they pay customs duty on entry, have [the commodities] processed, pay export duties, and bring them back to us; and 'the value of these goods amounts to two million livres every year, in return for which they take away what they need of our manufactures. Instead, if we ran our own West Indies trade, they would be obliged to bring us these two million in hard cash.
Having summarized the condition of domestic and foreign trade, it will perhaps not be inappropriate to say a few words about the advantages of trade.
I believe everyone will easily agree to this principle, that only the abundance of money in a State makes the difference in its greatness and power.

***

Aside from the advantages that the entry of a greater quantity of cash into the kingdom will produce, it is certain that, thanks to the manufactures, a million people who now languish in idleness will be able to earn a living. An equally considerable number will earn their living by navigation and in the seaports.
The almost infinite increase in the number of [French] ships will multiply to the same degree the greatness and power of the State.
These, in my opinion, are the goals that should be the aim of the King's efforts and of his goodness and love for his people.
The means proposed for reaching these goals are:

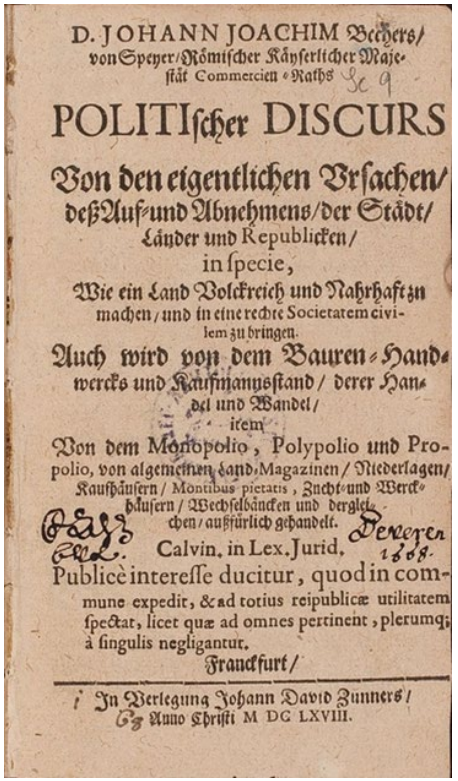
To make His Majesty's resolution known to all by a decree of the Council ton Commerce] meeting in the presence of His Majesty, publicized by circular letters.

***

To revive all the regulations in the kingdom for the re-establishment of manufactures.
To examine all import and export duties, and exempt raw materials and [domestic] manufactures ....
Annually to spend a considerable sum for the re-establishment of manufactures and for the good of trade, according to resolutions that will be taken in Council.
Similarly for navigation, to pay rewards to all those persons who buy or build new ships or who undertake long-distance voyages.

Veit Ludwig von Seckendorff, 1626-1692.
-The German Princes‘ States, 1655.
-The Christian State, 1688.

Johann Joachim Becher,
1635-1682
Political Discourse of the actual causes of the rise and fall of cities, countries and republics, 1668.


D. JOHANN JOACHIM Bechers/
POLITIſcher DISCURS
Von den eigentlichen Vrſachen/
deß Auf- und Abnehmens/der Städt/
Länder und Republicken/
in ſpecie,
Auch wird von dem Bauren-Hand-
wercks und Kauffmannsſtand/ derer Han-
del und Wandel/
item
Von dem Monopolio, Polypolio und Pro-
polio, von algemeinen Land-Magazinen/ Niederlagen/
Kauffhäuſern/ Montibus pietatis, Zucht- und Werck-
häuſern/ Wechſelbäncken und dergleichen/ außführlich gehandelt.
Calvin. in Lex. Jurid.
Publicè intereſſe ducitur, quod in commune expedit, & ad totius reipublicæ utilitatem ſpectat, licet quæ ad omnes pertinent, plerumq; à ſingulis negligantur.
Franckfurt/
In Verlegung Johann David Zunners/
Anno Chriſti M DC LXVIII.

Oesterreich
Über alles
wann es nur will.
Das ist:
wohlmeinender
Fürschlag
Wie mittelst einer wol-
bestellten Lands-Oecono-
mie; die Kayserl. Erbland in kur-
tzem über alle andere Staat von Euro-
pa zu erheben / und mehr als einiger
derselben / von denen andern In-
dependent zu ma-
chen.
Durch einen Liebhaber
der Kayserl. Erbland
Wolfahrt.
Gedruckt im Jahr Christi
1 6 8 4.

Philip Wilhelm von Hornick, 1638-1712.
Austria above all, if only she has the will
1684.

LEZIONE
DELLE MONETE
DI
BERNARDO DAVANZATI Bostichi
FIORENTINO
CON NOTE SCELTE DELL' AUTORE
E DI ANTONIO MARIA SALVINI
Aggiuntavi
LA NOTIZIA DE' CAMBJ
DELL' AUTORE MEDESIMO.

A
DISCOURSE
UPON
COINS,
By *Signor Bernardo Davanzati*,
A Gentleman of *Florence*;
Being publickly ſpoken in the *Academy* there,
Anno 1588.
Tranſlated out of Italian,
By JOHN TOLAND.
LONDON;
Printed by *J. D.* for *Awnſham* and *John Churchil*, at
the Black Swan in *Pater-Noſter-Row*. 1696.

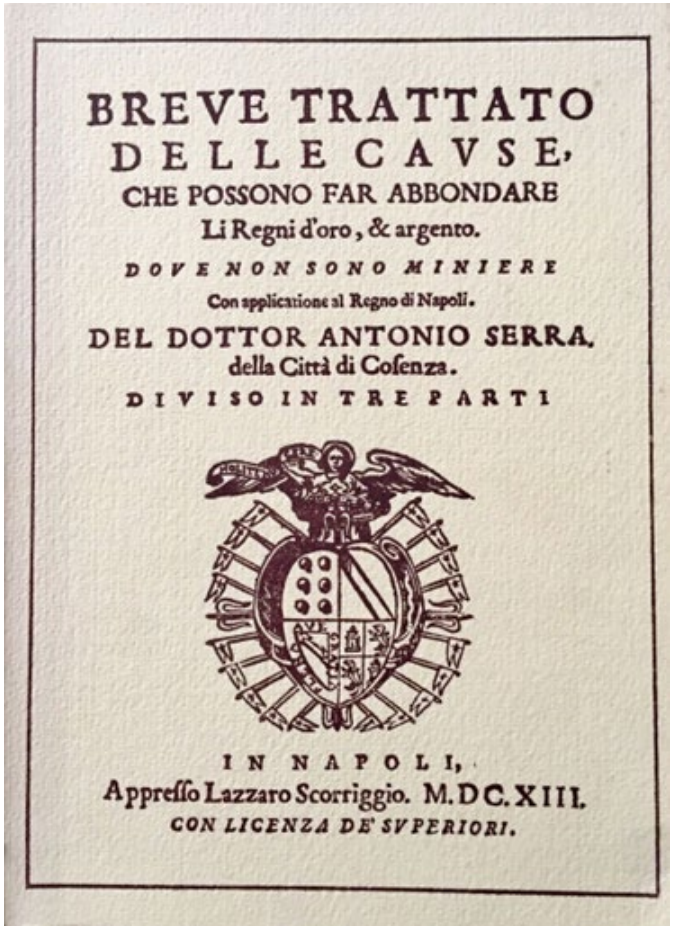
Bernardo Davanzati
(1529–1606)

DELLA
RAGIONE
DI STATO,
LIBRI DIECI.
Con tre Libri delle Cauſe della grandezza delle Città.
DEL SIG. GIOVANNI BOTERO
BENESE.
Di nuouo in queſta impreſſione, mutati alcuni luoghi dall'iſteſſo Autore, & accreſciuti di diuerſi Diſcorſi.
Con due Tauole, l'vna delle materie, l'altra copioſiſſima di tutte le coſe Notabili.
CON PRIVILEGI.

Congr. Mis. Dom. Jorzan.
IN VENETIA, APPRESSO I GIOLITI
M D XCVIII.
Con Licentia de' Superiori.

A
TREATISE,
CONCERNING
the cauſes of the Magnificencie and greatnes of Cities, Deuided *into three bookes by* Sig: Giouanni Botero, *in the Italian tongue; now done into Engliſh*
By
Robert Peterſon,
Of
Lincolnes Inne *Gent.*
Dimidium plus toto.
Seene and allowed.
AT LONDON,
Printed by *T. P.* for *Richard Ockould*, and *Henry Tomes*, and are to be ſold, at Grayes Inne gate in *Holborne*.
An. Dom. 1606.

Giovani Botero
(c.1544-1617)



BREVE TRATTATO
DELLE CAVSE,
CHE POSSONO FAR ABBONDARE
Li Regni d'oro, & argento.
DOVE NON SONO MINIERE
Con applicatione al Regno di Napoli.
DEL DOTTOR ANTONIO SERRA,
della Città di Cosenza.
DIVISO IN TRE PARTI

IN NAPOLI,
Appresso Lazzaro Scorriggio. M.DC.XIII.
CON LICENZA DE' SVPERIORI.

Antonio Serra (?1580-)

Sir William Petty (1623-1687)

Sir William Petty
by Isaac Fuller
oil on canvas, circa
1651, NPG

A Treatise of Taxes and Contributions (1662)
Political Arithmetick (ca. 1676, pub. 1690)
Verbum Sapienti (1664, pub. 1691)
Political Anatomy of Ireland (1672, pub. 1691)
Quantulumcunque Concerning Money (1682, pub. 1695)

A

TREATISE

OF

Taxes & Contributions.

Shewing the Nature and Measures of

- Crown-Lands.
- Assessements.
- Customs.
- Poll-Moneys.
- Lotteries.
- Benevolence.
- Penalties.
- Monopolies.
- Offices.
- Tythes.
- Raising of Coins.
- Harth-Money.
- Excize, &c.

With several intersperst Discourses and Digressions concerning

- Warres.
- The Church.
- Universities.
- Rents & Purchases.
- Usury & Exchange.
- Banks & Lombards.
- Registries for Conveyances.
- Beggars.
- Ensurance.
- Exportation of {Money. Wool.}
- Free-Ports.
- Coins.
- Housing.
- Liberty of Conscience, &c.

The same being frequently applied to the present State and Affairs of
IRELAND.

London, Printed for *N. Brooke*, at the Angel in *Cornhill*. 1662.

13. Suppose a man could with his own hands plant a certain scope of Land with Corn, that is, could Digg, or Plough, Harrow, Weed, Reap, Carry home, Thresh, and Winnow so much as the Husbandry of this Land requires; and had withal Seed wherewith to sowe the same. I say, that when this man hath subducted his seed out of the proceed of his Harvest, and also, what himself hath both eaten and given to others in exchange for Clothes, and other Natural necessaries; that the remainder of Corn is the natural and true Rent of the Land for that year; and the *medium* of seven years, or rather of so many years as makes up the Cycle, within which || Dearths and Plenties make their 25
revolution, doth give the ordinary Rent of the Land in Corn.

14. But a further, though collaterall question may be, how much English money this Corn or Rent is worth? I answer, so much as the money, which another single man can save, within the same time, over and above his expence, if he imployed himself wholly to produce and make it; *viz.* Let another man go travel into a Countrey where is Silver, there Dig it, Refine it, bring it to the same place where the other man planted his Corn; Coyne it, &c. the same person, all the while of his working for Silver, gathering also food for his necessary livelihood, and procuring himself covering, &c. I say, the Silver of the one, must be esteemed of equal value with the Corn of the other: the one being perhaps twenty Ounces and the other twenty Bushels. From whence it follows, that the price of a Bushel of this Corn to be an Ounce of Silver.

18. Our Silver and Gold we call by severall names, as in *England* by pounds, shillings, and pence, all which may be called and understood by either of the three. But that which I would say upon this matter is, that all things ought to be valued by two natural Denominations, which is Land and Labour; that is, we ought to say, a Ship or garment is worth such a measure of Land, with such another measure of Labour; forasmuch as both Ships and Garments were the creatures of Lands and mens Labours thereupon: This being true, we should be glad to finde out a natural Par between

Land and Labour, so as we might express the value by either of them alone as well or better then by both, and reduce one into the other as easily and certainly as we reduce pence into pounds. Wherefore we would be glad to finde the natural values of the Fee simple of Land, though but no better then we have done that of the *usus fructus* above-mentioned, which we attempt as followeth.

19. Having found the Rent or value of the *usus fructus per annum*, the question is, how many years purchase (as we usually say) is the Fee simple naturally worth? If we say an infinite number, then an Acre of Land would be equal in value to a thousand Acres of the same Land; which is absurd, an infinity of unites being equal to an infinity of thousands. Wherefore we must pitch upon some limited number, and that I ap-‖prehend to be the number of years, which I conceive 27
one man of fifty years old, another of twenty eight, and another of seven years old, all being alive together may be thought to live[1]; that is to say, of a Grandfather, Father, and Childe; few men having reason to take care of more remote Posterity: for if a man be a great Grandfather, he himself is so much the nearer his end, so as there are but three in a continual line of descent usually co-existing together; and as some are Grandfathers at forty years, yet as many are not till above sixty, and *sic de cæteris*.

THE

Political Anatomy

OF

IRELAND[1]

WITH

The Establishment for that Kingdom when the late Duke of ORMOND was Lord Lieutenant. Taken from the RECORDS.

To which is added

VERBUM SAPIENTI; or an Account of the Wealth and Expences of *England* and the Method of raising Taxes in the most Equal manner.

Shewing also, That the Nation can bear the charge of Four Millions *per Annum*, when the occasions of the Government require it.

By Sir WILLIAM PETTY, late Fellow of the Royal Society, and Surveyor-General of the Kingdom of *Ireland*

LONDON:

Printed for *D. Brown*, and *W. Rogers*, at the *Bible* without *Temple-Bar*, and at the *Sun* over-against St. *Dunstans* Church, *Fleet-street*. 1691.

BUT to make nearer approaches to the perfection of this Work, 'twould be expedient to know the Content of Acres of every Parish, and withal, what quantity of Butter, Cheese, Corn, and Wooll, was raised out of it for three years consequent; for thence the natural Value of the Land may be known, and by the number of People living within a Market-days Journey, and the Value of their housing, which shews the Quality and Expence of the said People; I would hope to come to the knowledg of the Value of the said Commodities, and consequently the Value of the Land, by deducting the hire of Working-People in it. And this brings me to the most important Consideration in Political Oeconomies, *viz.* how to make a *Par* and *Equation* between Lands and Labour, so as to express the Value of any thing by either ‖ alone. To which purpose, suppose two Acres of 64
Pasture-land inclosed, and put thereinto a wean'd Calf, which I suppose in twelve Months will become 1 *C.* heavier in eatable Flesh; then 1 *C.* weight of such Flesh, which I suppose fifty days Food, and the Interest of the Value of the Calf, is the value or years Rent of the Land. But if a mans labour ———— for a year can make the said Land to yield more than sixty days Food of the same, or of any other kind, then that overplus of days food is the Wages of the Man; both being expressed by the number of days food. That some Men will eat more than others, is not material, since by a days food we understand $\frac{1}{100}$ part of what 100 of all Sorts and Sizes will eat, so as to Live, Labour, and Generate. And that a days food of one sort, may require more labour to produce, than another sort, is also not material, since we understand the easiest-gotten food of the respective Countries of the World.

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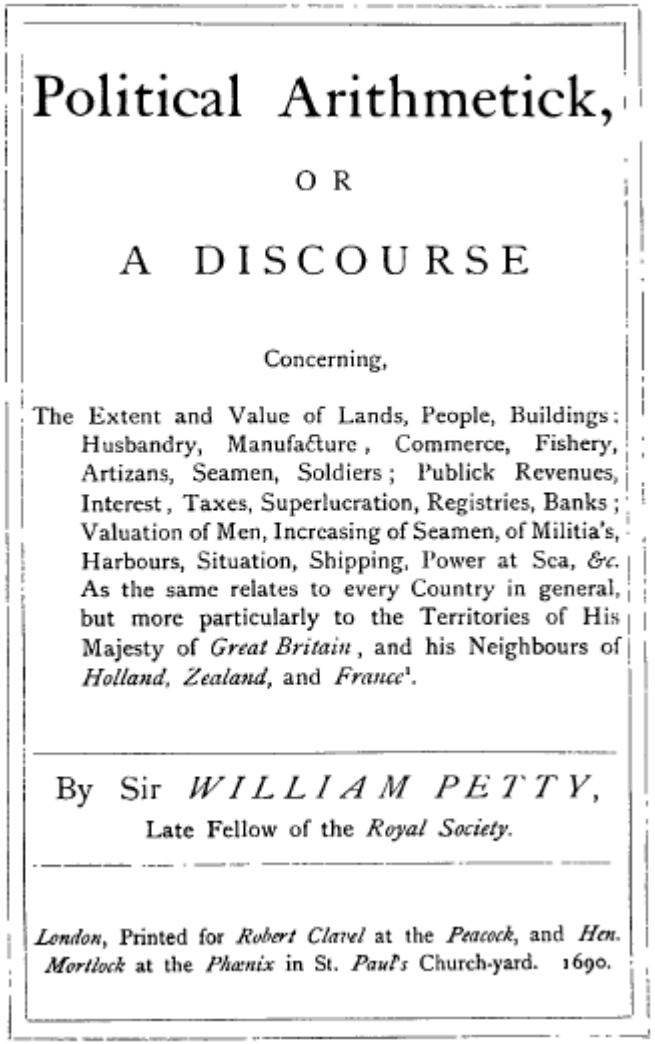


Political Arithmetick,

OR

A DISCOURSE

Concerning,

The Extent and Value of Lands, People, Buildings; Husbandry, Manufacture, Commerce, Fishery, Artizans, Seamen, Soldiers; Publick Revenues, Interest, Taxes, Superlucration, Registries, Banks; Valuation of Men, Increasing of Seamen, of Militia's, Harbours, Situation, Shipping, Power at Sea, *&c.* As the same relates to every Country in general, but more particularly to the Territories of His Majesty of *Great Britain*, and his Neighbours of *Holland*, *Zealand*, and *France*[1].

By Sir *WILLIAM PETTY*,
Late Fellow of the *Royal Society*.

London, Printed for *Robert Clavel* at the *Peacock*, and *Hen. Mortlock* at the *Phœnix* in St. *Paul's* Church-yard. 1690.

The Author's Method and Manner of Arguing.

The Method I take to do this, is not yet very usual; for instead of using only comparative and superlative Words, and intellectual Arguments, I have taken the course (as a Specimen of the Political A-‖rithmetick I have long aimed at) to express my self in Terms of *Number*, *Weight*, or *Measure*; to use only Arguments of Sense, and to consider only such Causes, as have visible Foundations in Nature; leaving those that depend upon the mutable Minds, Opinions, Appetites, and Passions of particular Men, to the Consideration of others: Really professing my self as unable to speak satisfactorily upon those Grounds (if they may be call'd Grounds), as to foretel the cast of a Dye; to play well at Tennis, Billiards, or Bowles, (without long practice,) by virtue of the most elaborate Conceptions that ever have been written *De Projectilibus & Missilibus*, or of the Angles of Incidence and Reflection. ‖

II.

[The Dialogue of Diamonds[1].]

A. You have a fine ring there on your finger, what did it cost you?

B. I am ashamed to tell you for I am afrayd I gave too

[1] The "Dialogue of Diamonds" is found among the Philosophical Papers collected by Abraham Hill. Brit. Mus. Sloane MS. 2903, f. 44 seq. Dr Hill (1635—1721) was resident in Gresham College in 1660 and was one of the

B. I like this discourse very well but have no occasion for so deep an inspection into the matter. I have but 2 or 300*l.*, to lay out and I heare that the market at this time is at a midling pitch & therfore I had rather heare from you upon the intrinsec causes & such as lye within the stone it self.

A. I am content. You must therfore know that these intrinseck causes are principaly foure, vizt. weight, extent, colour or water, cleaness from faults, & to theise you may adde the mode and workmanship of the cutting.

much for it, & the truth is I wonder how any man [can] tell what to give, there be so many nice considerations in that matter in all which one has nothing but meere guesse to guide himself by.

A. Why, did you buy it set?

B. What should I doe with it unset?

A. If you bought it set you lost two of the best guides & measures whereby to have known its price, namely the weight and the extent, both which are computable otherwise then by meer guesse; beside the water and colour of the stone as also the clouds icecles & points are somewhat better discerned when you can look round about it, then when you look upon it but as through a window.

B. Well, I was not so wise; but I must needs buy some more diamonds shortly, wherefore pray instruct me if you can.

A. I will & first take notice that the deerness or cheapness of diamonds depends upon two causes, one intrinsec which lyes within the stone it self & the other extrinsec & contingent, such as are [1.] prohibitions to seek for them in the countrys from whence they come. 2. When merchants can lay out their money in India to more profit upon other commoditys & therefore doe not bring them. 3. When they are bought up on feare of warr to be a subsistence for exiled and obnoxious persons. 4. They are deer neer the marriage of some great prince, where great numbers of persons are to put themselves into splendid appearances, for any of theise causes if they be very strong upon any part of the world they operate upon the whole, for if the price of diamonds should considerably rise in Persia, it shal also rise perceivably in England, for the great merchants of Jewels all the world over doe know one another, doe correspond & are partners in most of the considerable pieces & doe use great confederacys & intrigues in the buying & selling them.

Natural and *Political*

OBSERVATIONS

Mentioned in a following INDEX,

and made upon the

Bills of Mortality.

BY

Capt. *JOHN GRAUNT*,
Fellow of the *Royal Society*.

With reference to the *Government*, *Religion*, *Trade*, *Growth*, *Air*, *Diseases*, and the several Changes of the said CITY[1].

——— *Non, me ut miretur Turba, laboro,*
Contentus paucis Lectoribus.——

The Fifth Edition, much Enlarged[2].

LONDON,
Printed by *John Martyn*, Printer to the *Royal Society*,
at the Sign of the *Bell* in St. *Paul's* Church-yard.
MDCLXXVI.

The Table of CASUALTIES.

The Years of our Lord	1647	1648	1649	1650	1651	1652	1653	1654	1655	1656	1657	1658	1659	1660	1629 1630 1631	1630 1631 1632	1631 1632 1633	1632 1633 1634	1633 1634 1635	1634 1635 1636	1635 1636	1629 1630 1631 1632	1633 1634 1635 1636	1634 1635 1636 1637	1635 1636 1637 1638	1636 1637 1638 1639	1637 1638 1639 1640	1638 1639 1640 1641	1639 1640 1641 1642	In 20 Years.
Abortive and Stil-born	335	329	327	351	389	381	384	433	483	419	463	467	421	544	499	439	410	445	500	475	507	523	1793	2005	1342	1587	1832	1247	8559	
Aged	916	835	889	696	780	834	864	974	743	892	869	1176	909	1095	579	712	661	671	704	623	794	714	2475	2814	3336	3452	3680	2377	15759	
Ague and Fever	1260	884	751	970	1038	1212	282	1371	689	875	999	1800	2303	2148	956	1091	1115	1108	953	1279	1622	2360	4418	6235	3865	4903	4303	4010	23784	
Apoplex and Suddenly	68	74	64	74	106	111	118	86	92	102	113	138	91	67	22	36		17	24	35	26		75	85	280	421	445	177	1306	
Bleach			1	3	7	2				1																				
Blasted	4	1			6	6			4		5	5	3	8	13	8	10	13	6	4		4	54	14	5	12	14	16	99	
Bleeding	3	2	5	1	3	4	3	2	7	3	5	4	7	2	5	2	5	4	4	3			16	7	11	12	19	17	65	
Bloody Flux, Scouring and Flux	155	176	802	289	833	762	200	386	168	368	362	233	346	251	449	438	352	348	278	512	346	330	1587	1466	1422	2181	1161	1597	7818	
Burnt and Scalded	3	6	10	5	11	8	5	7	10	5	7	4	6	6	3	10	7	5	1	3	12	3	25	19	24	31	26	19	125	
Calenture	1			1		2	1	1			3										1	3								
Cancer, Gangrene and Fistula	26	29	31	19	31	53	36	37	73	31	24	35	63	52	20	14	23	28	27	30	24	30	85	112	105	157	150	114	609	
Wolf				8																				8					8	
Canker, Sore-mouth and Thrush	66	28	54	42	68	51	53	72	44	81	19	27	73	68	6	4	4	1			5	74	15	79	190	244	161	133	689	
Child-bed	161	106	114	117	206	213	158	192	177	201	236	225	226	194	150	157	112	171	132	143	163	230	590	668	498	769	839	490	3364	
Chrisoms and Infants	1369	1254	1065	990	1237	1280	1050	1343	1089	1393	1162	1144	858	1123	2596	2378	2035	2268	2130	2315	2113	1895	9277	8453	4678	4910	4788	4519	32106	
Colick and Wind	103	71	85	82	76	102	80	101	85	120	113	179	116	167	48	57					37	50	105	87	341	359	497	247	1389	
Cold and Cough							41	36	21	58	30	31	33	24	10	38	51	55	45	54	50	57	174	207	00	77	140	43	598	
Consumption and Cough	2423	2200	2388	1988	2350	2410	2286	2868	2606	3184	2757	3610	2982	3414	1827	1910	1713	1797	1754	1955	2080	2477	5157	8266	8999	9914	12157	7197	44487	
Convulsion	684	491	530	493	569	653	606	828	702	1027	807	841	742	1031	52	87	18	241	221	386	418	709	498	1734	2198	2656	3377	1324	9073	
Cramp			1														1	0	0	0	0	0	01	00	01	0	0	1	2	
Cut of the Stone		2	1	3	1	1	2	4	1	3	5	6	4					5	1	5	2	2	5	10	6	4	13	47	38	
Dropsie and Tympany	185	434	421	508	444	556	617	704	660	706	631	931	646	872	235	252	279	280	266	250	329	389	1048	1734	1538	2321	2982	1302	9623	
Drowned	47	40	30	27	49	50	53	30	43	49	63	60	/57	48	43	33	29	34	37	32	32	45	139	147	144	182	215	130	827	
Excessive drinking			2																						2			2	2	
Executed	8	17	29	43	24	12	19	21	19	22	20	18	7	18	19	13	12	18	13	13	13	13	62	52	97	76	79	55	384	
Fainted in a Bath					1																								1	
Falling-Sickness	3	2	2	3		3	4	1	4	3	1				3	10	7	7	2	5	6	8	27	21	10	8	8	9	74	
Flox[1] and small Pox	139	400	1190	184	525	1279	139	812	1294	823	835	409	1523	5	72	40	58	531	72	1354	293	127	701	1846	1913	2755	3361	2785	10576	
Found dead in the Streets	6	6	9	8	7	9	14	4	3	4	9	11	2	6	18	33	20	6	13	8	24	24	83	69	29	34	27	29	243	
French-Pox	18	29	15	18	21	20	20	20	29	23	25	53	51	31	17	12	12	12	6	13	8	24	53	48	80	81	130	83	392	
Frighted	4	4	1		3		2		1	1				9	1			1				22	3	2	3	9	5	2	2	21
Gout	9	5	12	9	7	7	5	6	8	7	8	13	14	2	2	5	3	4	4	5	7	8	14	24	35	25	36	28	134	
Grief	12	13	16	7	17	14	11	17	10	13	10	12	13	4	18	20	22	11	14	17	5	20	71	56	48	59	45	47	279	
Hanged, and made-away themselves	11	10	13	14	9	14	15	9	14	16	24	18	11	36	8	8	6	15		3	8	7	37	18	48	47	72	32	222	
Head-Ach		1	11	2		2	6	6	5	3	4	5	35	26							4	2	0	6	14	14	17	46	051	
Jaundice	57	35	39	49	41	43	57	71	61	41	46	77	102	76	47	59	35	43	35	45	54	63	184	197	180	212	225	188	998	
Jaw-faln	1	1			3			2	2		3	1			10	16	13	8	10	10	4	11	47	35	02	5	6	10	95	
Impostume	75	61	65	59	80	105	79	90	92	122	80	134	105	96	58	76	73	74	50	62	73	130	282	315	260	35	428	228	1639	
Itch		1																	10				00	10	01				11	
Killed by several Accidents	27	57	39	94	47	45	57	58	52	43	52	47	55	47	54	55	47	46	49	41	51	60	202	201	217	207	194	148	1021	
King's Evil	27	26	22	19	22	20	26	26	27	24	23	28	28	54	16	25	18	38	35	20	20	69	97	150	94	94	102	66	537	
Lethargy	3	4	2	4	4	4	3	10	9	4	6	2	6	4	1	2	2	2	3		2	2	5	7	13	21	21	9	67	
Leprosie			1									1		2	2						2		2	2	1		1	3	06	
Liver-grown, Spleen and Rickets	53	46	56	59	65	72	67	65	52	50	38	51	8	15	94	12	99	87	82	77	98	99	392	356	213	269	191	158	1421	
Lunatick	12	18	6	11	7	11	9	12	6	7	13	5	14	14	6	11	6	5	4	2	2	5	28	13	47	39	31	26	158	
Meagrom	12	13		5	8	6	6	14	3	6	7	6	5	4			24					22	24	22	30	34	22	05	132	
Measles	5	92	3	33	33	62	8	52	11	153	15	80	6	74	42	2	3	80	21	33	27	12	127	83	133	155	259	51	757	
Mother	2					1	1	2	2	3			3	8	1							3	01	3	2	4	8	02	18	
Murdered	3	2	7	5	4	3	3	3	9	6	5	7	70	20			3	7		6	5	8	10	19	17	13	27	77	86	
Overlaid and Starved at Nurse	25	22	36	28	28	29	30	36	58	53	44	50	/ 46	43	4	10	13	7	8	14	10	14	34	46	111	123	215	86	529	
Palsie	27	21	19	20	23	20	29	18	22	23	20	22	17	21	17	23	17	25	14	21	25	17	82	77	87	90	87	53	423	
Plague	3597	611	67	15	23	16	6	16	9	6	4	14	36	14			1317	274	8		1	10400	1599	10401	4290	61	33	103	16384	
Plague in the Guts				1		110	32		87	315	446		253	402									00	00	61	142	844	253	991	
Pleurisie	30	26	13	20	23	19	17	23	10	9	17	16	12	10	26	24	26	36	21		45	24	112	90	89	72	52	51	415	
Poisoned		3		7															2			2	00	4	10	00	00	00	14	
Purples and Spotted Fever	145	47	43	65	54	60	75	89	56	52	56	126	368	146	32	58	58	38	24	125	245	397	186	791	300	278	290	243	1845	
Quinsie and Sore-throat	14	11	12	17	24	20	18	9	15	13	7	10	21	14	01	8	6	7	24	04	5	22	22	55	54	71	45	34	247	
Rickets	150	224	216	190	260	329	229	372	347	458	317	476	441	521						14	49	50	00	113	780	1100	1598	657	3681	
Mother, rising of the Lights	150	92	115	120	134	138	135	178	166	212	203	228	210	249	44	72	99	98	60	84	72	104	309	220	777	585	809	369	2700	
Rupture	16	7	7	6	7	16	7	15	11	20	19	18	12	28	2	6	4	9	4	3	10	13	21	30	36	45	68	21	201	
Scal'd head	2				1				2																2	1	2		05	
Scurvy	32	20	21	21	29	43	41	44	103	71	82	82	95	12	5	7	9		9		00	25	33	34	94	132	300	115	593	
Smothered and stifled			2													24							24		2			2	26	
Sores, ulcers, broken and bruised	15	17	17	16	26	32	25	32	23	34	40	47	61	48	23		20	48	19	19	22	29	91	89	65	115	144	141	504	
Shot (Limbs													7	20														07	27	
Spleen	12	17					13	13		6	2	5	7	7											29	26	13	07	68	
Shingles													1						1									1	2	
Starved		4	8	7	1	2	1	1	3	1	3	6	7	14										1						
Stitch				1																			14		19	5	13	29	51	
Stone and Strangury	45	42	29	28	50	41	44	38	49	57	72	69	22	30	35	39	58	50	58	49	33	45	114	185	144	173	247	51	937	
Sciatica														2				1	3		1	6	1	4	1				13	
Stopping of the Stomach	29	29	30	33	55	67	66	107	94	145	129	277	186	214								6		6	121	295	247	216	669	
Surfet	217	137	136	123	104	177	178	212	128	161	137	218	202	192	63	157	149	86	104	114	132	371	445	721	613	671	644	401	3094	
Swine-Pox	4	4	3				1	4	2	1	1	1	2		5	8	4	6	3		10		23	13	11	5	5	10	57	
Teeth and Worms	767	597	540	598	709	905	691	1131	803	1198	878	1036	839	1008	440	506	335	470	432	454	539	1207	1751	2632	2502	3436	3915	1819	14236	
Tissick	62	47													8	12	14	34	23	15	27		68	65	109			8	242	
Thrush											57	66			15	23	17	40	28	31	34		95	93			123	15	211	
Vomiting	1	6	3	7	4	6	3				16	19	8	10	1	4	1	1	2	5	6	3	7	16	17	27	69	12	136	
Worms	147	107	105	65	85	86	53	14	7	27					19	31	28	27	19	28	27		105	74	424	224		124	830	
Wen	1		1		2	2			1		1	2	1	1			1		4				1	4	2	4	4	2	15	
Suddenly															63	59	37	62	58	62	78	34	221	233				63	454	
																												34190	229250	

[1] Probably a name for confluent small pox. See Creighton, *i.*, 462—463.

This Table to face *page* 406.

End of Lecture

MPhil (Econ.) & MSc (Political Economy)

Dept. of Economics

National and Kapodistrian University of Athens

Lecture 4: From Mercantilism to Classical Political Economy

Nicholas J. Theocharakis

Objectives of this lecture

- To briefly describe the transition from mercantilism to classical political economy
- To show the influence of French political economy on classical political economy
- To analyse the theories of the economists who preceded the Physiocrats
- To analyse the Physiocratic School

Contents

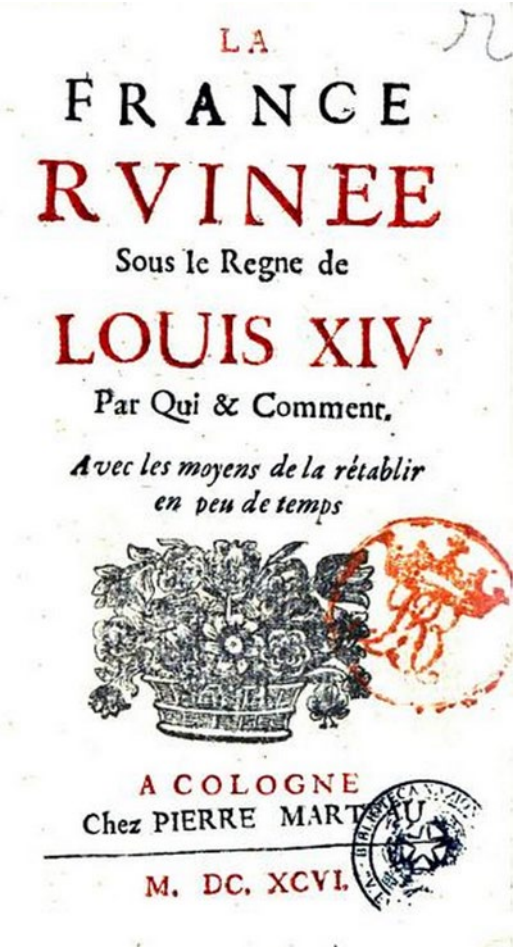
- Pierre le Pesant, Sieur de Boisguilbert
- Sébastien le Prestre, Seigneur de Vauban
- John Law
- Richard Cantillon
- Daniel Bernoulli

Contents

- Physiocrats
  - François Quesnay (*Tableau économique*)
  - Victor de Riqueti, Marquis de Mirabeau
  - Pierre Samuel DuPont de Nemours
  - Paul Pierre le Mercier de la Rivière, Abbé Nicolas Baudeau, Guillaume-François Le Trosne.
- Jacques Turgot
- Anti-Physiocrats
  - Ferdinando Galiani
  - Voltaire

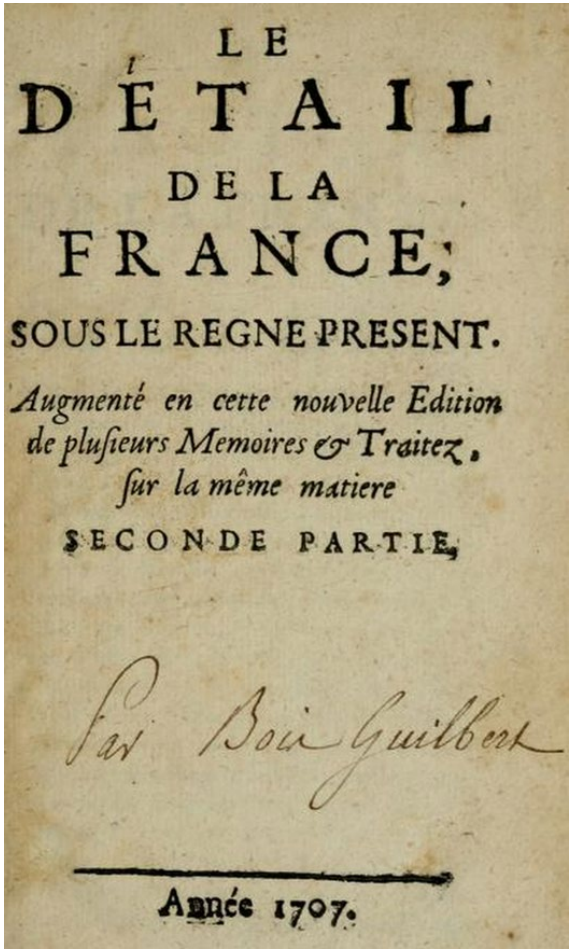
Pierre le Pesant, Sieur de Boisguilbert, 1646–1714: France between 17th and 18th c.

Pierre le Pesant, Sieur de Boisguilbert


LA
FRANCE
RVINEE
Sous le Regne de
LOUIS XIV.
Par Qui & Comment.
Avec les moyens de la rétablir en peu de temps

A COLOGNE
Chez PIERRE MART[illegible]U
M. DC. XCVI.

1706


LE
DÉTAIL
DE LA
FRANCE;
SOUS LE REGNE PRESENT.
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SECONDE PARTIE.

Par Boisguilbert

Année 1707.

1697-1707

TRAITÉ

DE LA NATURE, CULTURE, COMMERCE ET INTÉRÊT

DES GRAINS,

TANT PAR RAPPORT AU PUBLIC, QU'A TOUTES LES CONDITIONS D'UN ÉTAT;

DIVISÉ EN DEUX PARTIES,

DONT LA PREMIÈRE FAIT VOIR QUE PLUS LES GRAINS SONT A VIL PRIX,
PLUS LES PAUVRES, SURTOUT LES OUVRIERS, SONT MISÉRABLES;
ET LA SECONDE, QUE PLUS IL SORT DES BLÉS D'UN ROYAUME, ET PLUS IL SE GARANTIT
DES FUNESTES EFFETS D'UNE EXTRÊME DISETTE.

1704

FACTUM DE LA FRANCE,

OU

MOYENS TRÈS-FACILES DE FAIRE RECEVOIR AU ROI QUATRE-VINGTS MILLIONS PAR-DESSUS LA CAPITATION, PRATICABLES PAR DEUX HEURES DE TRAVAIL DE MM. LES MINISTRES ET UN MOIS D'EXÉCUTION DE LA PART DES PEUPLES, SANS CONGÉDIER AUCUN FERMIER GÉNÉRAL NI PARTICULIER, NI AUTRE MOUVEMENT QUE DE RÉTABLIR QUATRE OU CINQ FOIS DAVANTAGE DE REVENU A LA FRANCE, C'EST-A-DIRE, PLUS DE CINQ CENTS MILLIONS SUR PLUS DE MILLE CINQ CENTS ANÉANTIS DEPUIS 1661, PARCE QU'ON FAIT VOIR CLAIREMENT, EN MÈME TEMPS, QUE L'ON NE PEUT FAIRE D'OBJECTION CONTRE CETTE PROPOSITION, SOIT PAR RAPPORT AU TEMPS ET A LA CONJONCTURE, COMME N'ÉTANT PAS PROPRES A AUCUN CHANGEMENT, SOIT AU PRÉTENDU PÉRIL, RISQUE, OU QUELQUES AUTRES CAUSES QUE CE PUISSE ÊTRE, SANS RENONCER A LA RAISON ET AU SENS COMMUN; EN SORTE QUE L'ON MAINTIENT QU'IL N'Y A POINT D'HOMME SUR LA TERRE QUI OSE METTRE SUR LE PAPIER UNE PAREILLE CONTRADICTION, ET LA SOUSCRIRE DE SON NOM, SANS SE PERDRE D'HONNEUR; ET QUE L'ON MONTRE EN MÊME TEMPS L'IMPOSSIBILITÉ DE SORTIR AUTREMENT DE LA CONJONCTURE PRÉSENTE.

1707

TESTAMENT POLITIQUE DE MONSIEUR DE VAUBAN,

MARECHAL DE FRANCE,
& premier Ingenieur du Roi.

DANS LEQUEL

Ce Seigneur donne les moiens d'augmenter conſiderablement les revenus de la Couronne, par l'établiſſement d'une Dixme Royale; & ſuppreſſion des Impots, ſans apprehenſion d'aucune revolution dans l'Etat.

TOME PREMIER.

M. DCCVII.

DISSERTATION

De la nature des Richeſſes, de l'Argent & des Tributs, où l'on découvre la fauſſe idée qui régne dans le Monde à l'égard de ces trois articles.

CHAPITRE PREMIER.

TOUT le Monde veut être riche, & la plûpart ne travaillent nuit & jour que pour le devenir; mais on ſe méprend pour l'ordinaire dans la route que l'on prend pour y réüſſir.

LE

DÉTAIL

DE LA

FRANCE;

SOUS LE REGNE PRESENT.

Augmenté en cette nouvelle Edition de pluſieurs Memoires & Traitez, ſur la même matiere

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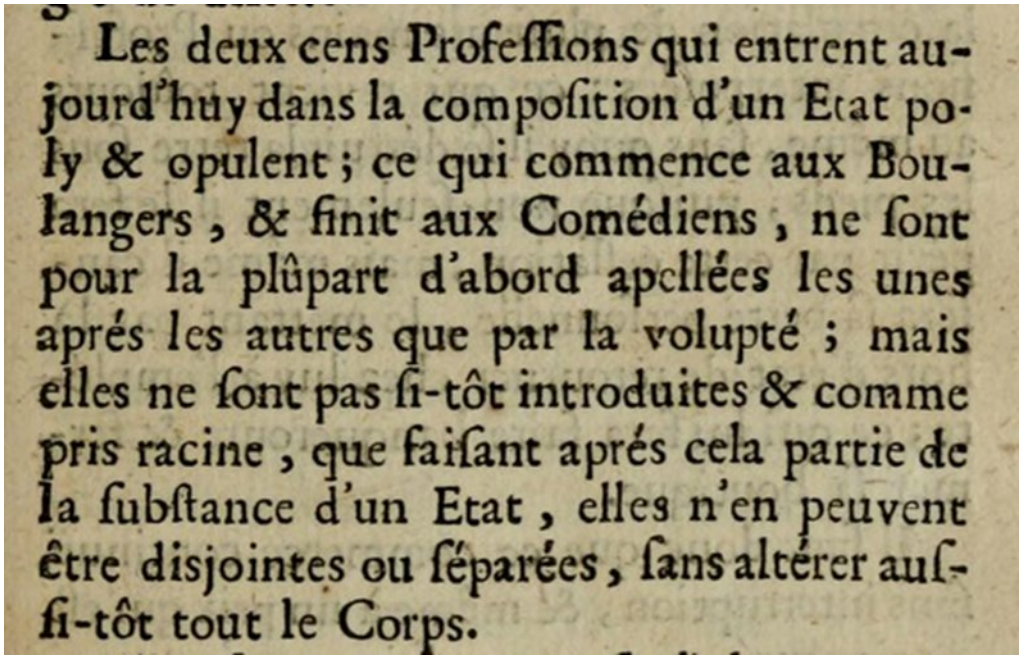
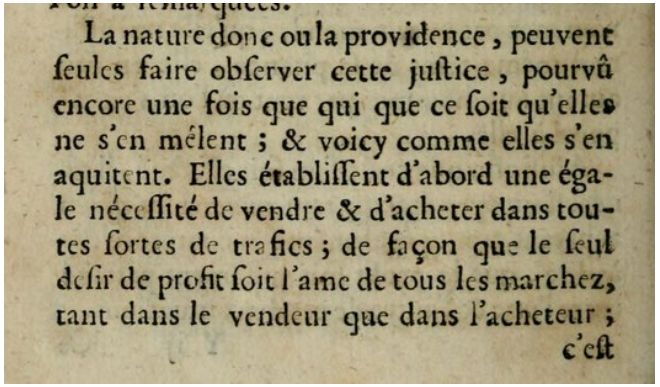
Année 1707.



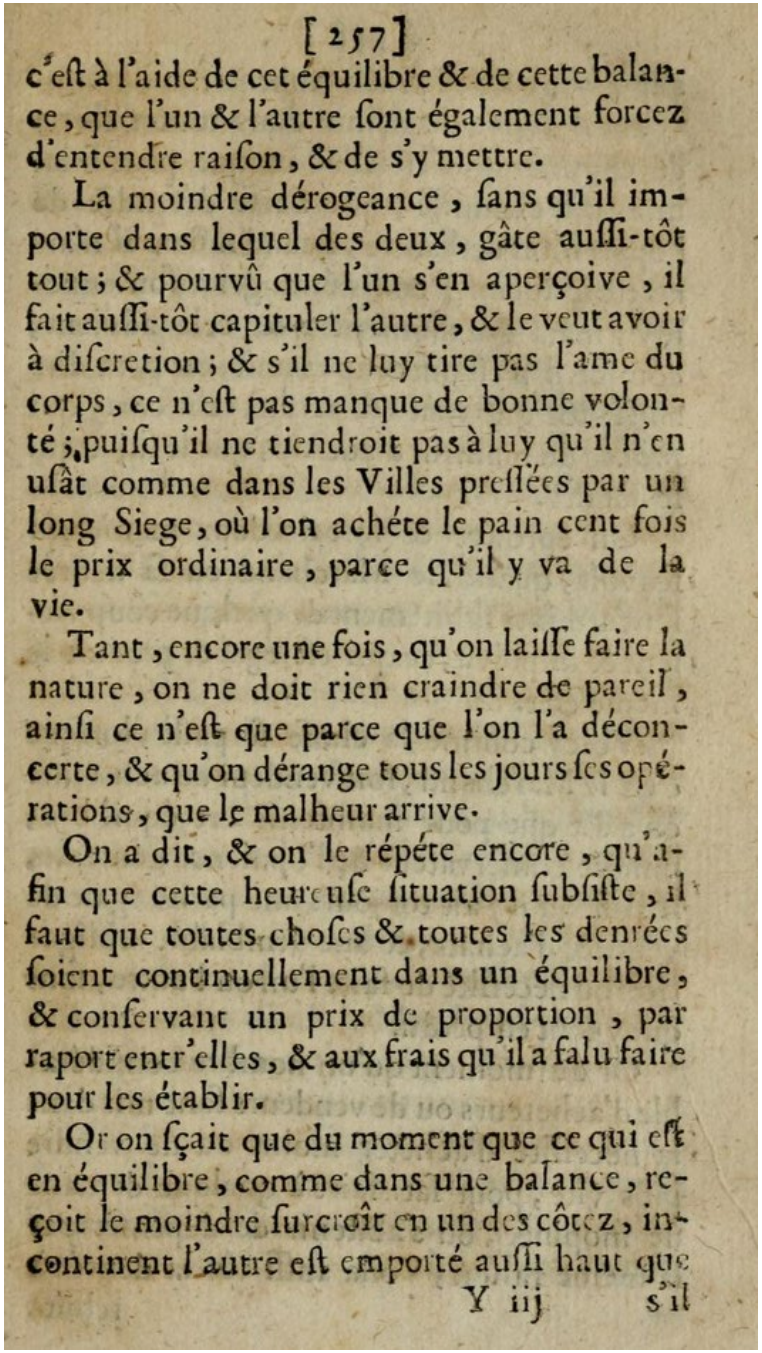
Les deux cens Profeſſions qui entrent aujourd'huy dans la compoſition d'un Etat poly & opulent ; ce qui commence aux Boulangers, & finit aux Comédiens, ne ſont pour la plûpart d'abord apellées les unes aprés les autres que par la volupté ; mais elles ne ſont pas ſi-tôt introduites & comme pris racine, que faiſant aprés cela partie de la ſubſtance d'un Etat, elles n'en peuvent être disjointes ou ſéparées, ſans altérer auſſi-tôt tout le Corps.

200 professions that make a civilized and opulent State

Equilibrium
Laissez-faire



La nature donc ou la providence, peuvent ſeules faire obſerver cette juſtice, pourvû encore une fois que qui que ce ſoit qu'elles ne s'en mélent ; & voicy comme elles s'en aquitent. Elles établiſſent d'abord une égale néceſſité de vendre & d'acheter dans toutes ſortes de trafics ; de façon que le ſeul deſir de profit ſoit l'ame de tous les marchez, tant dans le vendeur que dans l'acheteur ; c'eſt



c'eſt à l'aide de cet équilibre & de cette balance, que l'un & l'autre ſont également forcez d'entendre raiſon, & de s'y mettre.

La moindre dérogeance, ſans qu'il importe dans lequel des deux, gâte auſſi-tôt tout ; & pourvû que l'un s'en aperçoive, il fait auſſi-tôt capituler l'autre, & le veut avoir à diſcretion ; & s'il ne luy tire pas l'ame du corps, ce n'eſt pas manque de bonne volonté ; puiſqu'il ne tiendroit pas à luy qu'il n'en uſât comme dans les Villes preſſées par un long Siege, où l'on achéte le pain cent fois le prix ordinaire, parce qu'il y va de la vie.

Tant, encore une fois, qu'on laiſſe faire la nature, on ne doit rien craindre de pareil, ainſi ce n'eſt que parce que l'on l'a déconcerte, & qu'on dérange tous les jours ſes opérations, que le malheur arrive.

On a dit, & on le répéte encore, qu'afin que cette heureuſe ſituation ſubſiſte, il faut que toutes choſes & toutes les denrées ſoient continuellement dans un équilibre, & conſervant un prix de proportion, par raport entr'elles, & aux frais qu'il a falu faire pour les établir.

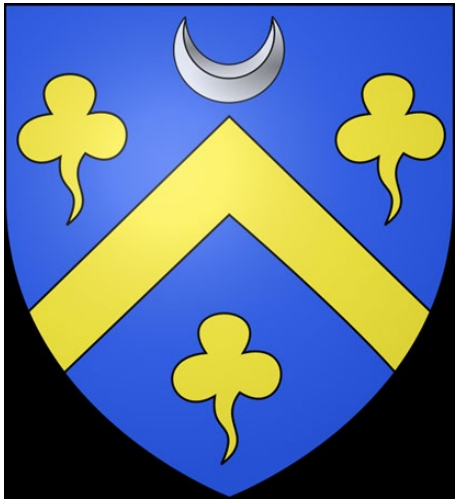
Or on ſçait que du moment que ce qui eſt en équilibre, comme dans une balance, reçoit le moindre ſurcroît en un des côtez, incontinent l'autre eſt emporté auſſi haut que

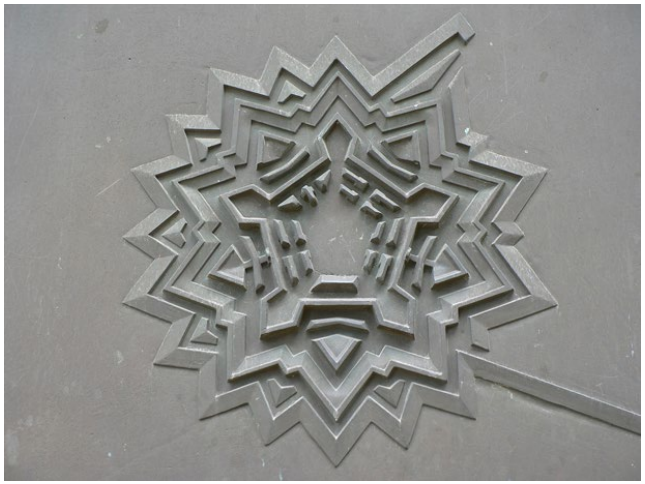
même effet.

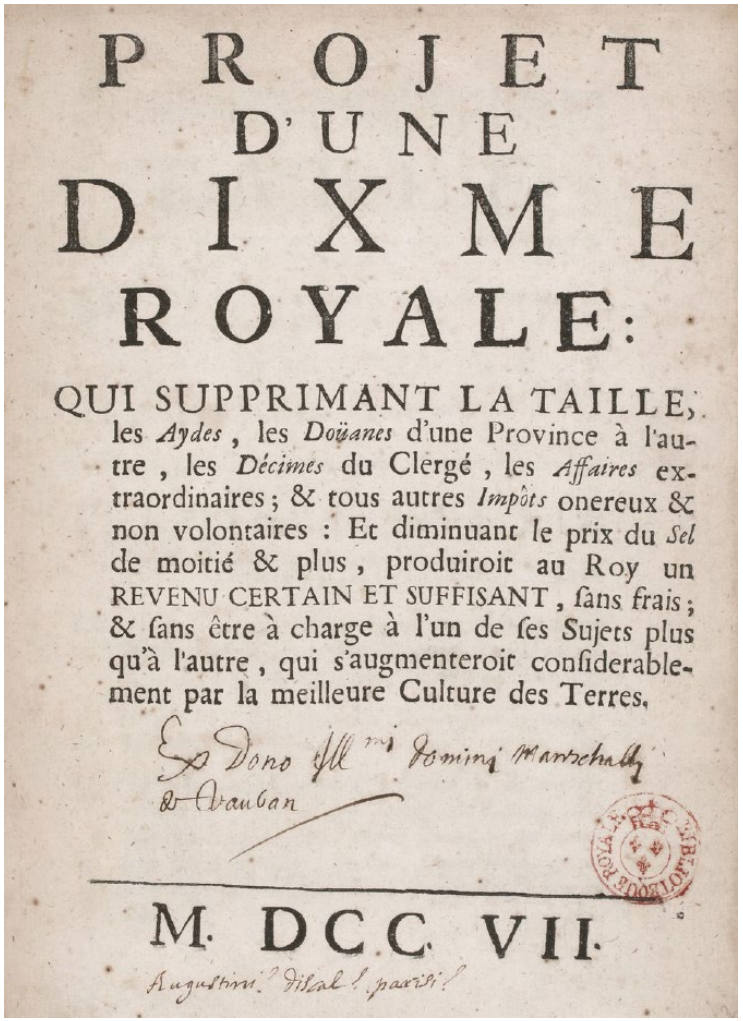
Voicy comme la choſe ſe paſſe, lorſque c'eſt le Marchand, ſoit vendeur ou acheteur: on a dit que pour maintenir cet équilibre, unique conſervateur de l'opulence génerale, il faut qu'il y ait toûjours une parité égale de vente & d'achats, & une ſemblable obligation ou néceſſité de faire l'un ou l'autre, ſans quoy tout eſt perdu.

Equilibrium unique guarantee of the general opulence

Sébastien le Prestre, Seigneur de Vauban, 1633-1707







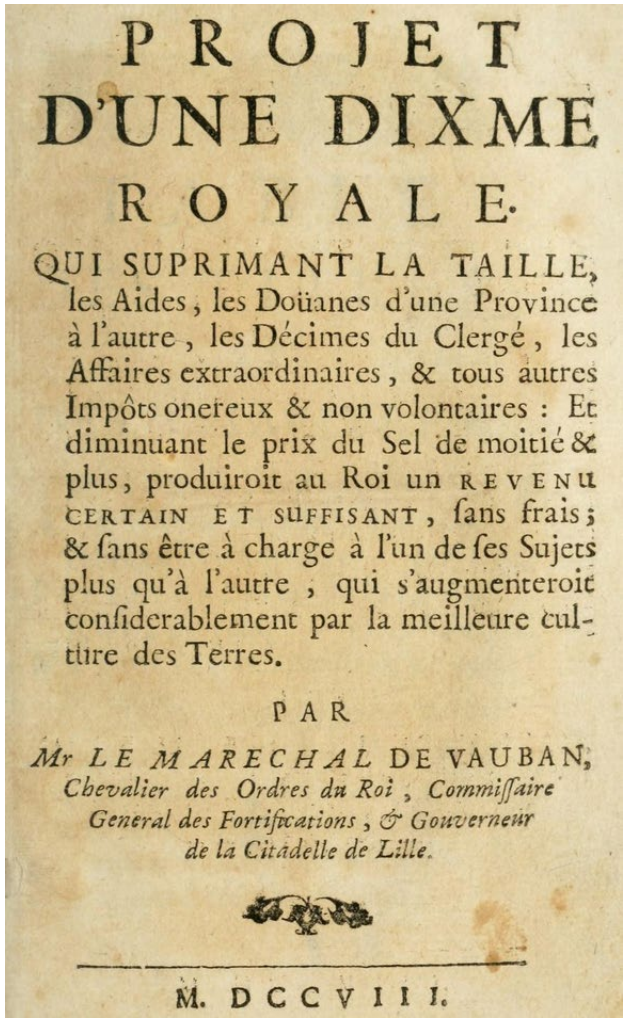
PROJET
D'UNE
DIXME
ROYALE:

QUI SUPPRIMANT LA TAILLE, les *Aydes*, les *Doüanes* d'une Province à l'autre, les *Décimes* du Clergé, les *Affaires* extraordinaires; & tous autres *Impôts* onereux & non volontaires : Et diminuant le prix du *Sel* de moitié & plus, produiroit au Roy un REVENU CERTAIN ET SUFFISANT, ſans frais; & ſans être à charge à l'un de ſes Sujets plus qu'à l'autre, qui s'augmenteroit conſiderablement par la meilleure Culture des Terres.

Ex Dono Illmi Domini Marschalli
de Vauban

M. DCC. VII.

Augustini Vitalis parisii



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PAR

Mr LE MARECHAL DE VAUBAN,
Chevalier des Ordres du Roi, Commiſſaire General des Fortifications, & Gouverneur de la Citadelle de Lille.

M. DCCVIII.

John Law (1671–1729)

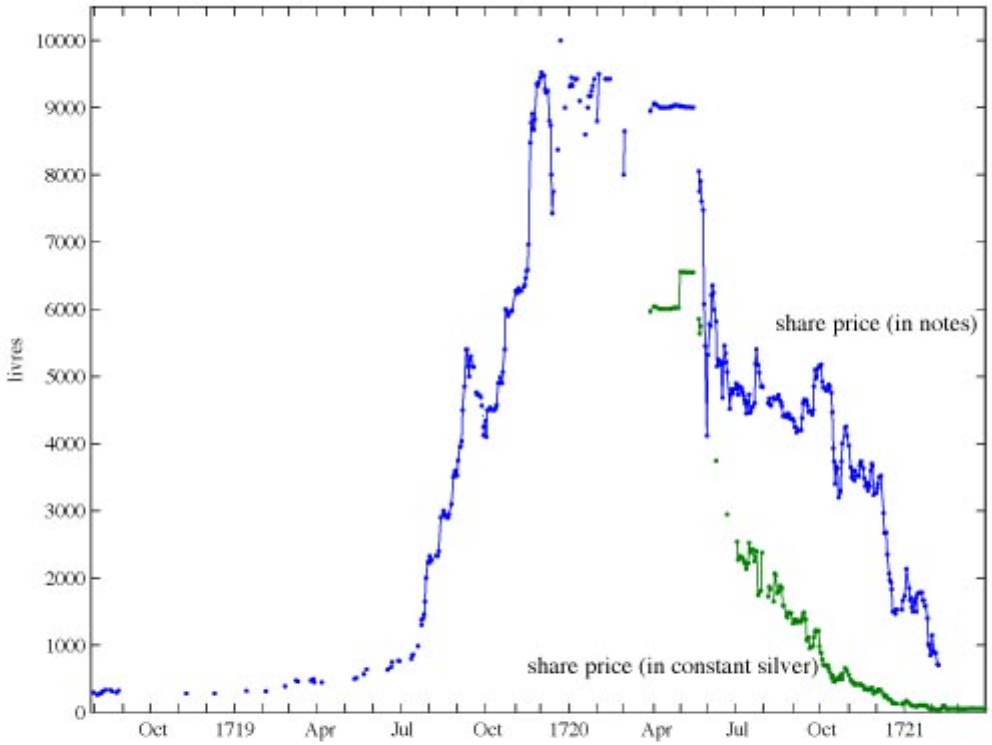
John Law attributed to Alexis Simon Belle
oil on canvas, circa 1715-1720, 813 mm x 635 mm,
oval, NPG 191

John Law, by Casimir Balthazar

John Law (1671–1729)

- May 1716, John Law, Controller General of Finances of France under the Duke of Orléans
- Creation of the *Banque Générale Privée* (paper money). It was a private bank, but three-quarters of the capital consisted of government bills and government-accepted notes.
- August 1717, Law bought the *Mississippi Company* to help the French colony in Louisiana. In the same year Law conceived a joint-stock trading company called the *Compagnie d'Occident*. Law was named the Chief Director of this new company, which was granted a trade monopoly of the West Indies and North America by the French government.
- The company was involved in the Atlantic slave trade, importing African slaves to points as far North as modern Illinois along the Mississippi River.
- The bank became the *Banque Royale* in 1718, meaning the notes were guaranteed by the king, Louis XV of France.
- The *Mississippi Company* absorbed the *Compagnie des Indes Orientales*, *the Compagnie de Chine*, and other rival trading companies and became the *Compagnie Perpétuelle des Indes* in May 1719 with a monopoly of French commerce on all the seas. Simultaneously, the bank began issuing more notes than it could represent in coinage; this led to a currency devaluation, which was eventually followed by a bank run when the value of the new paper currency was halved.
- 1720 Collapse

John Law (1671–1729)



The Mississippi Company share price, 1718-1722 (source: François R. Velde, 'Government equity and money: John Law's system in 1720 France', Federal Reserve Bank of Chicago Working Paper No. 2003-31)

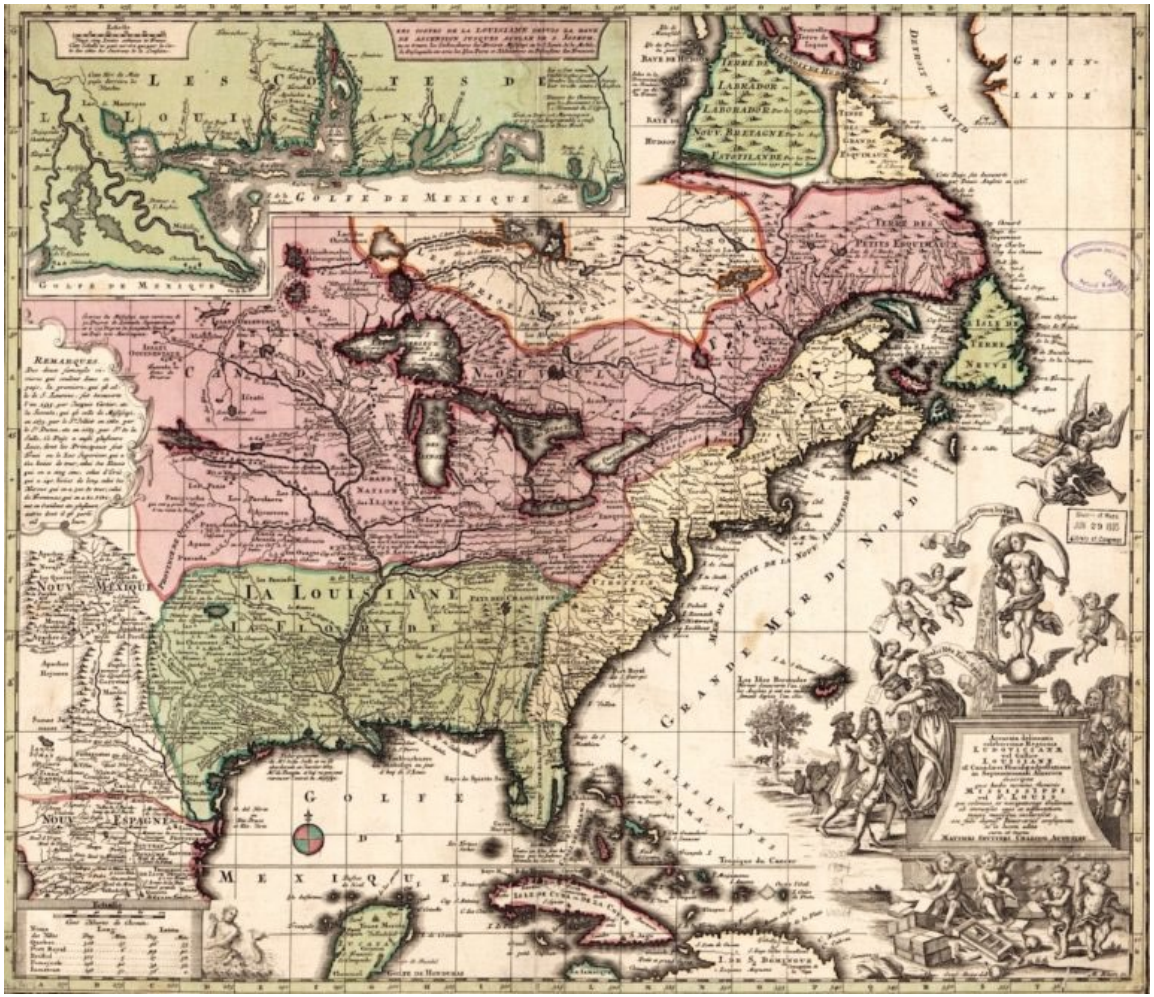
https://www.chicagofed.org/publications/working-papers/2003/2003-31

John Law (1671–1729)

Waare afbeelding van den vermaarden Heer QUINQUENPOIX.
Kom uit, kom uit: het regent nu dukaten,
Riep elk, op markt en straten.
Komt man en vrijf, komt vaardig klein en groot:
Houd op uw hoedt en schoot.
Die galm sloeg voort, met duizent dertelheden,
In rijken, landen, steden.
Diogenes verscheen op dit getier,
En vroeg: wat volk is hier?
't Zoek menschen, maar toen zag hy een vertoning
Als van een 's wersten kroning:
Heer QUINQUENPOIX in volle majesteit;
Daar zotheit hem bereit
Een trotse kroon van ydle paauweveeren,
Met distels t'zyner eeren.
Zyn Wapenschilt, gevoert door Hovaardy,
Toont sierlyk aan zyn zy
Hoe Ikarus, in 't vliegen onervaren,
Stort plotslyk in de baren.
De raaf en uil vertonen recht om hoog
Zyn spreuk voor yders oog.
OF STRONT OF KONING
Zyn knaap zal voorts dubbloenen distileren,
Die in papier verkeren
Van MISSISIP, en bobbels klein en groot,
Die weder, door de poot
Van 't duiveltje, tot nieuwe vlam verstrekken
Voor grote en kleine gekken.
De Satir eerst zo bly van aart
Wreekt, schorpioen, uw staart:
Maar d'ander, als een zwelgbalg op zyn werken
Bevoit, zyn klagt laat merken.
De razerny en wanhoop in 't verschiet
Betonen haar verdriet,
Nu zy haar hoop en geldt en beste panden
Als 't droge strooi zien branden,
Waar door de pan en rooster aan den want
Nu ledig staan geplant.
Doch d'ezel bulkt, nu zo veel wyze hoofden
't Geval te veel geloofden.
De Filosoof toen hy 't bekeken hadt,
Kroop, lachend, in zyn vadt.

John Law (1671–1729)

John Law (1671–1729)



Matthaeus Seutter, *Accurata delineatio celeberrimæ regionis Ludovicianæ vel Gallice Louisiane ot. Canadæ et Floridæ adpellatione in Septemtrionali America descriptæ quæ hodie nomine fluminis Mississippi vel St. Louis*, 1734.

John Law (1671–1729)

MONUMENT CONSACRÉ A LA POSTERITÉ EN MEMOIRE DE LA FOLIE INCROYABLE DE LA XX. ANNÉE DU XVIII. SIECLE.
TER EEUWIGER GEDAGTENISSE DER DWAASHEID VAN HET XX. JAAR DER XVIII. EEUW.
QUINQUENPOIX
DESINIT IN LUCTUM
SPECIES FORMOSA SUPERNE

https://www.nfb.ca/film/john_law_and_the_mississippi_bubble/

In this animated short, Richard Condie offers up a history lesson about one of the most sensational get-rich-quick schemes that took place in France over 200 years ago. With economist John Law at the helm, the plan was to open a bank and exchange bank notes for gold at wildly inflated share prices to mask the fact that the country's gold had been depleted in the building of Louis XIV's palace. When the inevitable rush to cash in the notes takes place, poor John Law is left broke and broken-hearted.

Tulip Mania in Holland 1633-1637

Samen-spraeck /
Tusschen
VVAERMONDT
Ende
GAERGOEDT,
Nopende de opkomste ende ondergangh van
FLORA.

Ghedruckt te HAERLEM,
By Adriaen Roman, Boeck-drucker, woonende inde Groote Hout-straet, inde Vergul de Parsze.
ANNO 1637.

MEMOIRS

OF EXTRAORDINARY

POPULAR DELUSIONS.

BY CHARLES MACKAY.

AUTHOR OF
"THE THAMES AND ITS TRIBUTARIES," "THE HOPE OF THE WORLD," ETC.

"Il est bon de connaître les délires de l'esprit humain. Chaque peuple a ses folies plus ou moins grossières."
MILLOT.

VOL. I.

LONDON:
RICHARD BENTLEY, NEW BURLINGTON STREET.
Publisher in Ordinary to Her Majesty.
1841.

THE TULIPOMANIA.

Quis furor ô cives!—LUCAN.

THE tulip,—so named, it is said, from a Turkish word, signifying a turban,—was introduced into western Europe about the middle of the sixteenth century. Conrad Gesner, who claims the merit of having brought it into repute,—little dreaming of the extraordinary commotion it was to make in the world,—says that he first saw it in the year 1559, in a garden at Augsburg, belonging to the learned Counsellor Herwart, a man very famous in his day for his collection of rare exotics. The bulbs were sent to this gentleman by a friend at Constantinople, where the flower had long been a favourite. In the course of ten or eleven years after this period, tulips were much sought after by the wealthy, especially in Holland and Germany. Rich people at Amsterdam sent for the bulbs direct to Constantinople, and paid the most extravagant prices for them. The first roots planted in England were brought from Vienna in 1600. Until

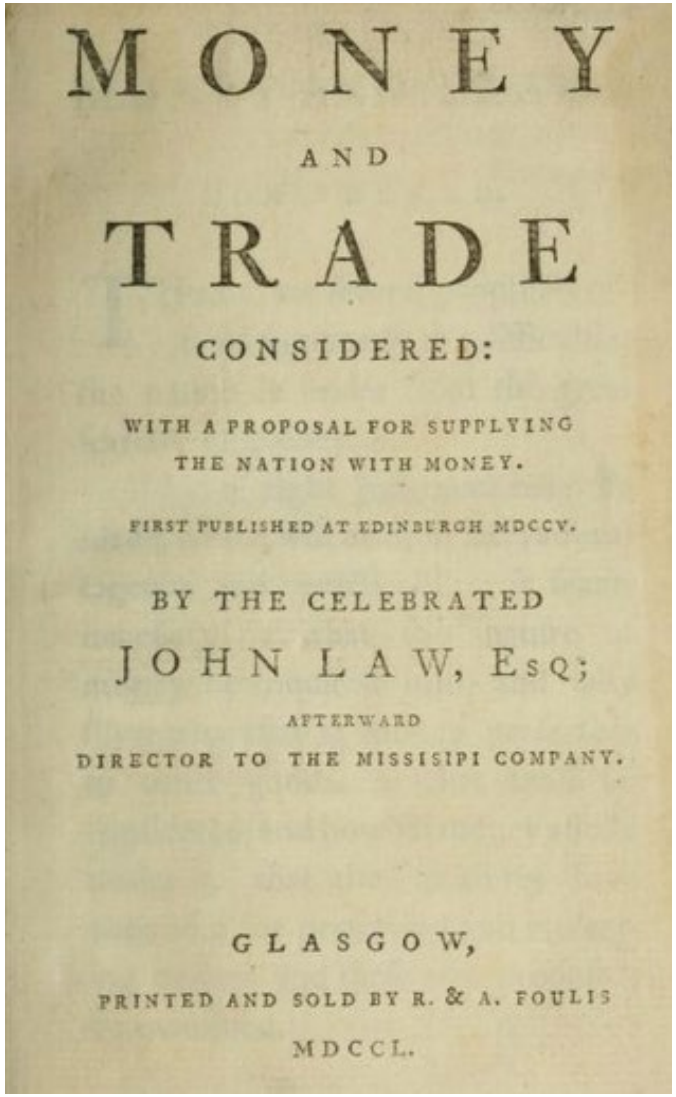
South Sea Bubble 1720

Whol Ride
THE MONUMENT
WAS ERECTED IN
MEMORY OF THE
DESTRUCTION OF
THIS CITY BY THE
SOUTH SEA
A
1720
See here ỹ Causes why in London
So many Men are made & undone
That Arts & honest Trading drop
To Swarm about ỹ Devils Shop (A)
Who cuts out (B) Fortunes Golden Haunches
Trapping their Souls with Lotts & Chances
Sharing on from Blue Garters down
To all Blue Aprons in the Town
Here all Religions flock together
Like Tame & Wild Fowl of a Feather
Leaving their strife Religious bustle
Kneel downto play & pitch & Hustle (C)
Thus when the Shepherds are at play
Their flocks must surely go Astray
The woeful Cause ỹ in these Times
(B) Honour & (D) honisty are Crimes
That publickly are punish'd by
(G) Self Interest and (F) Villany;
So much for Monys magick power
Guess at the Rest you find out more

Emblematical Print on the South Sea Scheme,
William Hogarth 1721

The South Sea Company was a British joint stock company founded in 1711. It was granted a monopoly to trade with Spain's South American colonies as part of a treaty during the War of Spanish Succession, in return for the company's assumption of the national debt run up by England during the war. Speculation in the company's stock led to a great economic bubble in 1720, with company's shares rising rapidly in price from around £100 to over £1,000. Many investors were ruined when the bubble burst and the value of stock in the South Sea Company crashed. Political scandal ensued when fraud among the company's directors and corruption of cabinet ministers became clear.

John Law (1671–1729)



MONEY

AND

TRADE

CONSIDERED:

WITH A PROPOSAL FOR SUPPLYING THE NATION WITH MONEY.

FIRST PUBLISHED AT EDINBURGH MDCCV.

BY THE CELEBRATED

JOHN LAW, Esq;

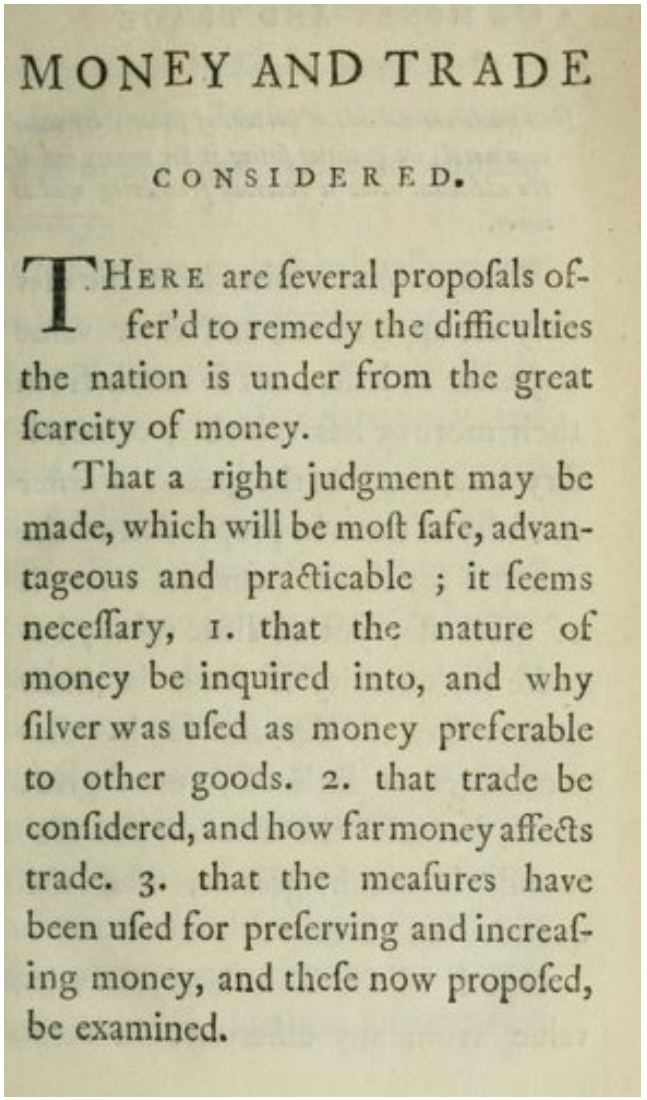
AFTERWARD

DIRECTOR TO THE MISSISIPI COMPANY.

GLASGOW,

PRINTED AND SOLD BY R. & A. FOULIS

MDCCL.



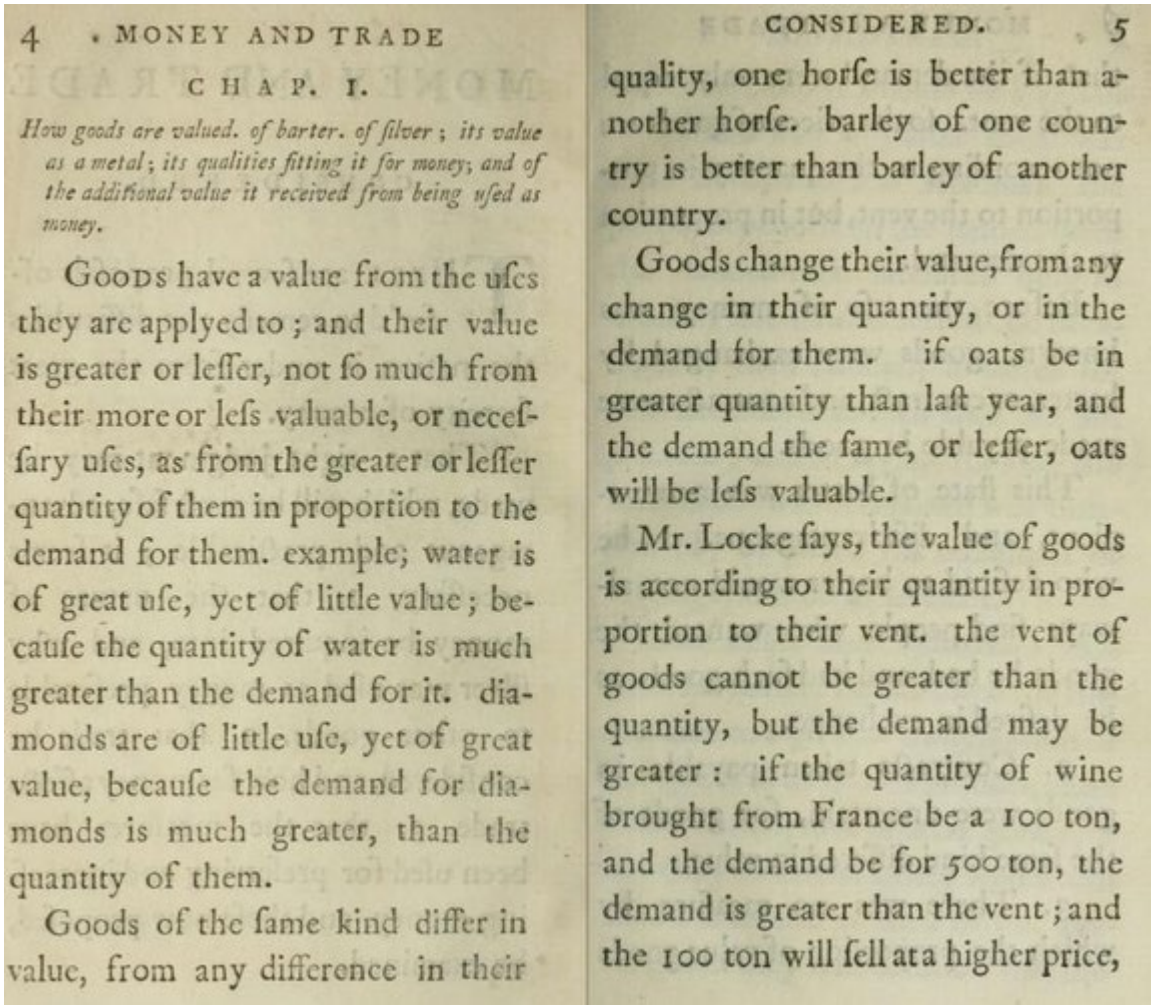
MONEY AND TRADE

CONSIDERED.

THERE are ſeveral propoſals offer'd to remedy the difficulties the nation is under from the great ſcarcity of money.

That a right judgment may be made, which will be moſt ſafe, advantageous and practicable ; it ſeems neceſſary, 1. that the nature of money be inquired into, and why ſilver was uſed as money preferable to other goods. 2. that trade be conſidered, and how far money affects trade. 3. that the meaſures have been uſed for preſerving and increaſing money, and theſe now propoſed, be examined.

John Law (1671–1729)



4 MONEY AND TRADE

CHAP. I.

How goods are valued. of barter. of ſilver; its value as a metal; its qualities fitting it for money; and of the additional value it received from being uſed as money.

GOODS have a value from the uſes they are applyed to; and their value is greater or leſſer, not ſo much from their more or leſs valuable, or neceſſary uſes, as from the greater or leſſer quantity of them in proportion to the demand for them. example; water is of great uſe, yet of little value; becauſe the quantity of water is much greater than the demand for it. diamonds are of little uſe, yet of great value, becauſe the demand for diamonds is much greater, than the quantity of them.

Goods of the ſame kind differ in value, from any difference in their

CONSIDERED. 5

quality, one horſe is better than another horſe. barley of one country is better than barley of another country.

Goods change their value, from any change in their quantity, or in the demand for them. if oats be in greater quantity than laſt year, and the demand the ſame, or leſſer, oats will be leſs valuable.

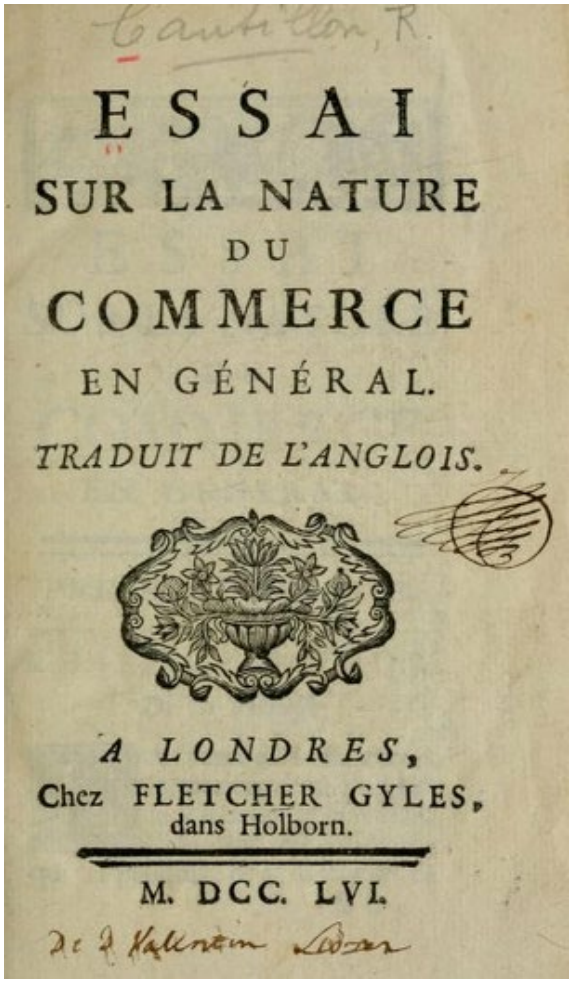
Mr. Locke ſays, the value of goods is according to their quantity in proportion to their vent. the vent of goods cannot be greater than the quantity, but the demand may be greater: if the quantity of wine brought from France be a 100 ton, and the demand be for 500 ton, the demand is greater than the vent; and the 100 ton will ſell at a higher price,

Richard Cantillon (?1680–1734)

Portrait of Woman in Source (Madame Richard Cantillon, née Mary Anne O' Mahony)

Painting by Nicolas de Largillière (1656-1746) 18th century Tours, Musée des Beaux Arts)

Richard Cantillon (?1680–1734)



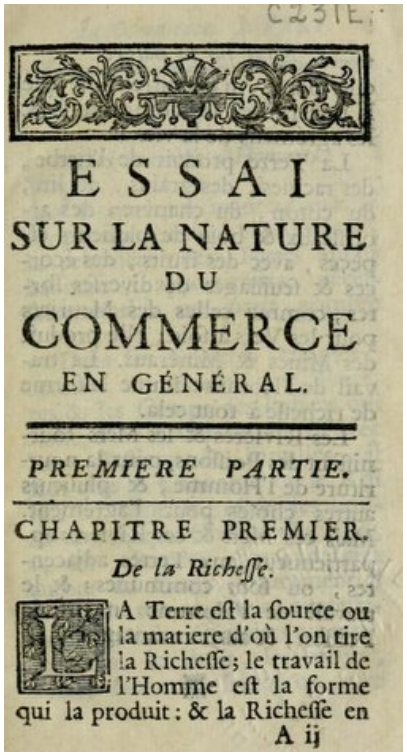
Cantillon, R.

ESSAI
SUR LA NATURE
DU
COMMERCE
EN GÉNÉRAL.

TRADUIT DE L'ANGLOIS.

A LONDRES,
Chez FLETCHER GYLES,
dans Holborn.

M. DCC. LVI.



C231E.

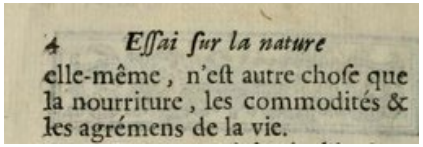
ESSAI
SUR LA NATURE
DU
COMMERCE
EN GÉNÉRAL.

PREMIERE PARTIE.

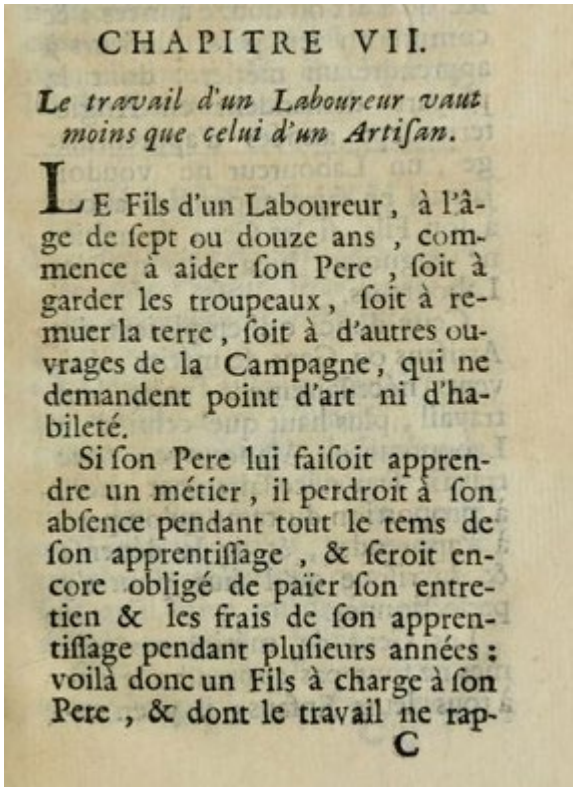
CHAPITRE PREMIER.
De la Richesse.

LA Terre est la source ou la matiere d'où l'on tire la Richesse; le travail de l'Homme est la forme qui la produit: & la Richesse en

A ij



4 *Essai sur la nature*
elle-même, n'est autre chose que la nourriture, les commodités & les agrémens de la vie.



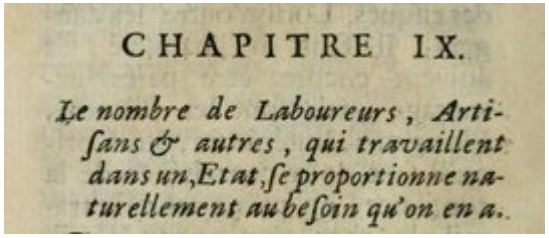
CHAPITRE VII.

Le travail d'un Laboureur vaut moins que celui d'un Artisan.

LE Fils d'un Laboureur, à l'âge de sept ou douze ans, commence à aider son Pere, soit à garder les troupeaux, soit à remuer la terre, soit à d'autres ouvrages de la Campagne, qui ne demandent point d'art ni d'habileté.

Si son Pere lui faisoit apprendre un métier, il perdroit à son absence pendant tout le tems de son apprentissage, & seroit encore obligé de païer son entretien & les frais de son apprentissage pendant plusieurs années: voilà donc un Fils à charge à son Pere, & dont le travail ne rap-

C



CHAPITRE IX.

Le nombre de Laboureurs, Artisans & autres, qui travaillent dans un Etat, se proportionne naturellement au besoin qu'on en a.

Richard Cantillon (?1680–1734)

ESSAY
ON THE NATURE
OF
TRADE IN GENERAL

PART ONE

CHAPTER I

Of Wealth

The Land is the Source or Matter from whence all Wealth is produced. The Labour of man is the Form which produces it: and Wealth in itself is nothing but the Maintenance, Conveniencies, and Superfluities of Life.

Land produces Herbage, Roots, Corn, Flax, Cotton, Hemp, Shrubs and Timber of several kinds, with divers sorts of Fruits, Bark, and Foliage like that of the Mulberry-tree for Silkworms; it supplies Mines and Minerals. To all this the Labour of man gives the form of Wealth.

Rivers and Seas supply Fish for the food of man, and many other things for his enjoyment. But these Seas and Rivers belong to the adjacent Lands or are common to all, and the Labour of man extracts from them the Fish and other advantages.

CHAPTER VII

The Labour of the Husbandman is of less Value than that of the Handicrafts-Man

A Labourer's Son at seven or twelve years of age begins to help his Father either in keeping the Flocks, digging the ground, or in other sorts of Country Labour which require no Art or Skill.

If his Father puts him to a Trade he loses his Assistance during the Time of his Apprenticeship and is necessitated to cloath him and to pay the expenses of his Apprenticeship for some years. The Son is thus an expense to his Father and his Labour brings in no advantage till the end of some years. The [working] Life of a Man is estimated but at 10 or 12 years, and as several are lost in learning a Trade most of which in England require 7 years of Apprenticeship, a Husbandman would never be willing to have a Trade taught to his Son if the Mechanics did not earn more than the Husbandmen.

Those who employ Artisans or Craftsmen must needs therefore pay for their labour at a higher rate than for that of a Husbandman or common Labourer; and their labour will necessarily be dear in proportion to the time lost in learning the trade and the cost and risk incurred in becoming proficient.

Richard Cantillon (?1680–1734)

Chapter IX

The Number of Labourers, Handicraftsmen and others, who work in a State is naturally proportioned to the Demand for them

If all the Labourers in a Village breed up several Sons to the same work there will be too many Labourers to cultivate the Lands belonging to the Village, and the surplus Adults must go to seek a livelihood elsewhere, which they generally do in Cities: if some remain with their Fathers, as they will not all find sufficient employment they will live in great poverty and will not marry for lack of means to bring up children, or if they marry, the children who come will soon die of starvation with their Parents, as we see every day in France.

Chapter X

The Price and Intrinsic Value of a Thing in general is the measure of the Land and Labour which enter into its Production

One Acre of Land produces more Corn or feeds more Sheep than another. The work of one man is dearer than that of another, as I have already explained, according to the superior Skill and Occurrences of the Times. If two Acres of Land are of equal goodness, one will feed as many Sheep and produce as much Wool as the other, supposing the Labour to be the same, and the Wool produced by one Acre will sell at the same Price as that produced by the other.

Richard Cantillon (?1680–1734)

CHAPITRE X.

Le prix & valeur intrinſeque d'une choſe en général eſt la meſure de la terre & du travail qui entre dans ſa production.

CHAPITRE XI.

Du pair ou rapport de la valeur de la Terre à la valeur du travail.

46 *Eſſai ſur la nature*

il ſemble que pour conſerver un de deux Enfans qu'on élève juſqu'à l'âge de virilité ou du travail, il faut emploïer autant de produit de Terre que pour la ſubſiſtance d'un Eſclave adulte, ſoit que le Propriétaire élève lui-même dans ſa maiſon ou y faſſe élever ces Enfans, *ſoit que le Pere eſclave les élève dans une Maiſon ou Hameau à part. Ainſi je conclus que le travail journalier du plus vil Eſclave, correſpond en valeur au double du produit de Terre dont il ſubſiſte, ſoit que le Propriétaire le lui donne pour ſa propre ſubſiſtance & celle de ſa Famille;* ſoit qu'il le faſſe ſubſiſter avec ſa Famille dans ſa Maiſon.

CHAPITRE XII.

Tous les Ordres & tous les Hommes d'un Etat ſubſiſtent ou s'enrichiſſent aux dépens des Propriétaires des Terres.

CHAPITRE XIII.

La circulation & le troc des denrées & des marchandiſes, de même que leur production, ſe conduiſent en Europe par des Entrepreneurs, & au hazard.

CHAPITRE II.

Des prix des Marchés.

La ſuppoſition donc que je ſuivrai dans cette recherche de la circulation de l'argent ſera que les Fermiers font trois rentes, & même qu'ils dépenſent la troiſiéme rente pour vivre plus commodément, au lieu de l'épargner. C'eſt en effet le cas du

10 *The price and intrinsic value of a thing in general is the amount of land and labor required to produce it*

One acre of land produces more wheat, or feeds more sheep, than another acre. As already explained, a man's work is more expensive than that of another according to his skill and the circumstances of the time. If two acres of land are similarly fertile and are worked in the same manner, one acre will maintain as many sheep and will produce the same quantity of wool as [34] the other, and the wool produced by one will sell at the same price as that produced by the other.

If wool drawn from one acre is made into a suit of coarse cloth, and wool from the other acre made into a suit of fine cloth, the latter suit, requiring a greater amount of work, which is dearer than that of the former, will sometimes be up to ten times as expensive, even though both suits contain the same quantity and quality of wool. The quantity of the earth's produce, and both the quantity and quality of the labor, will necessarily enter into the price.

It may be seen in a comparison of different work processes in the supplement that a pound of flax worked into fine Brussels lace requires the work of fourteen people over a year, or the work of one person over [35] fourteen years. It may also be seen that the price for this lace suffices to pay for the upkeep of a person for fourteen years and also to pay for all the profits of the entrepreneurs and merchants involved.

The fine steel spring that regulates an English watch normally sells at a price that makes the proportion of material to labor, or the steel to the spring, at one to one [million],[3] in such a way that the labor here

3. The missing figure here is a printer's or transcriber's error. The French manuscripts of the *Essai*, located in the Archives Nationales and the Bibliothèque Municipale in Rouen, provide a figure of "un à 1538460." Postlethwayt, who plagiarized a sizable section of Cantillon's *Essai* and may possibly have been working

constitutes almost entirely the value of this spring. See the calculation in the supplement.

On the other hand, the price of hay in a field delivered on the spot, or a wood to be cut down, is determined by its quality, or by the produce of [36] the earth, according to its fertility.

As it is an immense river, and does not dry out, a pitcher of Seine water costs nothing. But in the streets of Paris a penny is given for it, the price or the measure of the labor of the water carrier.

By this evidence and these examples, I believe that it may be understood that the price, or the intrinsic value, of a thing is the measure of the quantity of land and of labor that enters into its production, due regard being given to the fertility or produce of the land and to the quality of the labor involved.

But it often arises that many things that actually have this intrinsic value do not sell in the market according to this value; that will depend on people's moods and whims and on their consumption.

[37] If a lord cuts drains and builds terraces in his garden, their intrinsic value will be proportionate to the land and labor undertaken; but the price in reality will not always follow this proportion. If he offers to sell this garden, it could happen that no one will be willing to give him even half the cost of his expenses. But it could also happen that if several people want it, they could offer him double the intrinsic value, that is, twice the value of the land and the expenses he incurred.

If the farmers in a state sow more wheat than usual, that is, a great deal more than is needed for annual consumption, the intrinsic and real value of the wheat will correspond to the land and labor used in its

on an even more extended manuscript, has one to one million; see Malachy Postlethwayt (1755), *The Universal Dictionary of Trade and Commerce*, vol. 2, p. 1. In another of his works, *Great Britain's True System* (1757), Postlethwayt produced the figure found in the French manuscripts of 1 to 1,538,460. It would appear most likely that the missing figure in the French text as translated above should be 1,538,460. I am indebted to Richard van den Berg for this information; see Richard van den Berg, "'Something Wonderful and Incomprehensible in Their Oeconomy': The English Versions of Richard Cantillon's *Essay on the Nature of Trade in General*," *European Journal of the History of Economic Thought* 19 (December 2012): 868–907. —AEM

14 *Essay on the nature of trade in general* / Richard Cantillon; translated, edited, and with an introduction by Antoin E. Murphy, Liberty Fund 2015 https://oll.libertyfund.org/titles/essay-on-the-nature-of-trade-in-general-lf-ed

Chapter XI

Of the Par or Relation between the Value of Land and Labour

It does not appear that Providence has given the Right of the Possession of Land to one Man preferably to another: the most ancient Titles are founded on Violence and Conquest. The Lands of Mexico now belong to the Spaniards and those at Jerusalem to the Turks. But howsoever people come to the property and possession of Land we have already observed that it always falls into the hands of a few in proportion to the total inhabitants.

If the Proprietor employ the Labour of Vassals or free Peasants he will probably maintain them upon a better foot than Slaves according to the custom of the place he lives in, yet in this case also the Labour of a free Labourer ought to correspond in value to double the produce of Land needed for his maintenance. But it will always be more profitable to the Proprietor to keep Slaves than to keep free Peasants, because when he has brought up a number too large for his requirements he can sell the surplus Slaves as he does his cattle and obtain for them a price proportionable to what he has spent in rearing them to manhood or working age, except in cases of old age or infirmity.

In the same way one may appraise the Labour of slave craftsmen at twice the produce of the Land which they consume. Overseers likewise, allowing for the favours and privileges given to them above those who work under them.

Entrepreneur=undertaker

Chapter XII

All Classes and Individuals in a State subsist or are enriched at the Expense of the Proprietors of Land

There are none but the Prince and the Proprietors of Land who live independent; all other Classes and Inhabitants are hired or are Undertakers. The proof and detail of this will be developed in the next Chapter.

Chapter XIII

The circulation and exchange of goods and merchandise as well as their production are carried on in Europe by Undertakers, and at a risk

The Farmer is an undertaker who promises to pay to the Landowner, for his Farm or Land, a fixed sum of money

By all these inductions and many others which might be made in a topic relating to all the Inhabitants of a State, it may be laid down that except the Prince and the Proprietors of Land, all the Inhabitants of a State are dependent; that they can be divided into two classes, Undertakers and Hired people; and that all the Undertakers are as it were on unfixed wages and the others on wages fixed so long as they receive them though their functions and ranks may be very unequal. The General who has his pay, the Courtier his pension and the Domestic servant who has wages all fall into this last class. All the rest are Undertakers, whether they set up with a capital to conduct their enterprise, or are Undertakers of their own labour without capital, and they may be regarded as living at uncertainty; the Beggars even and the Robbers are Undertakers of this class. Finally all the Inhabitants of a State derive their living and their advantages from the property of the Landowners and are dependent.

PART TWO

CHAPTER I

Of Barter

CHAPTER II

Of Market Prices

Suppose the Butchers on one side and the Buyers on the other. The price of Meat will be settled after some altercations, and a pound of Beef will be in value to a piece

of silver pretty nearly as the whole Beef offered for sale in the Market is to all the silver brought there to buy Beef.

This proportion is come at by bargaining. The Butcher keeps up his Price according to the number of Buyers he sees; the Buyers, on their side, offer less according as they think the Butcher will have less sale: the Price set by some is usually followed by others. Some are more clever in puffing up their wares, other in running them down. Though this method of fixing Market prices has no exact or geometrical foundation, since it often depends upon the eagerness or easy temperament of a few Buyers or Sellers, it does not seem that it could be done in any more convenient way. It is clear that the quantity of Produce or of Merchandise offered for sale, in proportion to the demand or number of Buyers, is the basis on which is fixed or always supposed to be fixed the actual Market Prices; and that in general these prices do not vary much from the intrinsic value.

PART THREE

CHAPTER IV

Of the variations in the proportion of values with regard to the Metals which serve as Money

If Metals were as easily found as water commonly is everybody would take what he wanted of them and they would have hardly any value. The Metals which are most plentiful and cost the least trouble to produce are also the cheapest. Iron seems the most necessary, but as it is commonly found in Europe with less trouble and labour than copper it is much cheaper.

Copper, Silver, and Gold are the three metals in general use for money. Copper mines are the most abundant and cost less in Land and Labour to work. The

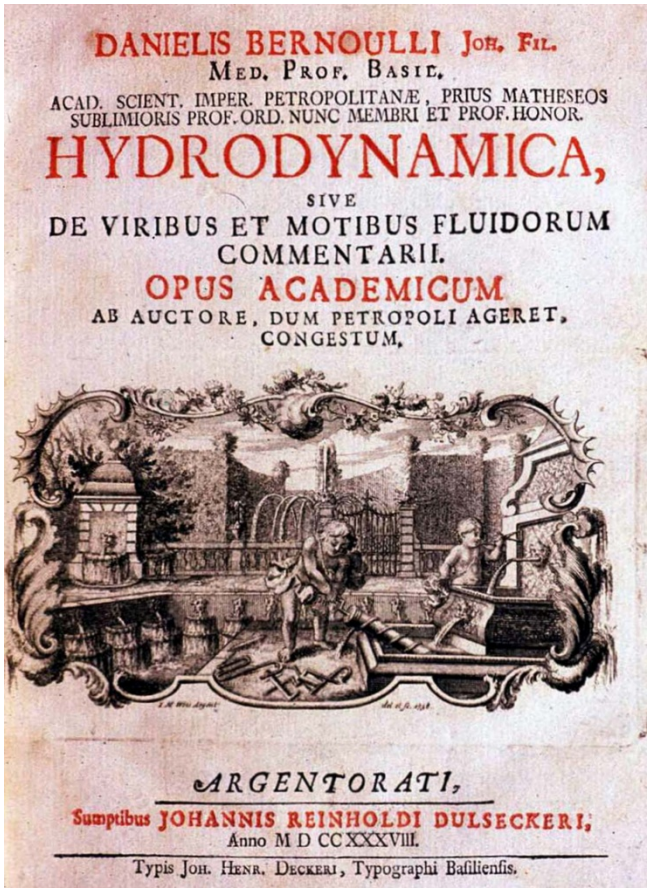
CHAPTER V

Of the augmentation and diminution of coin in denomination

According to the principles we have established the quantity of money circulating in exchange fixes and determines the price of everything in a State taking into account the rapidity or sluggishness of circulation.

Daniel Bernoulli (1700-1782)

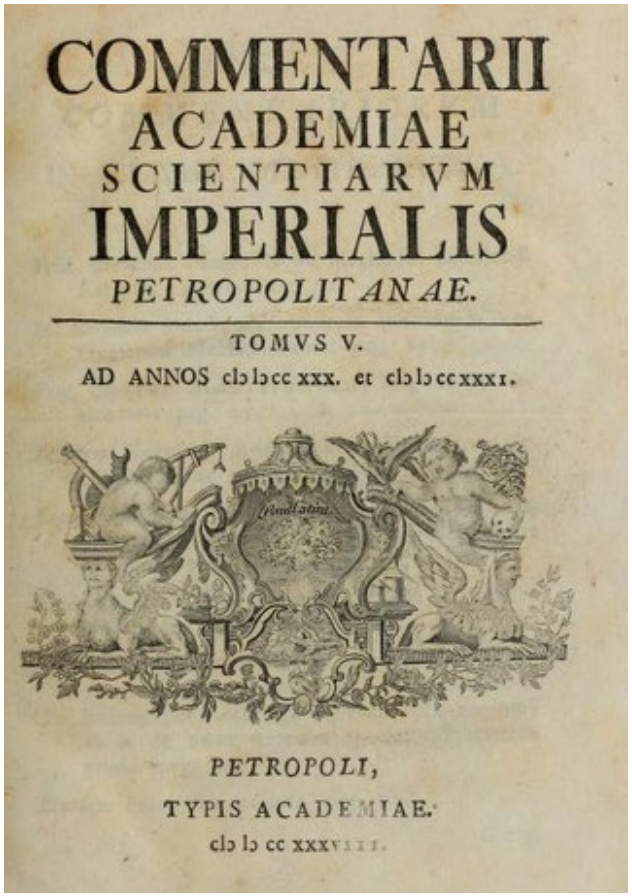
DANIEL BERNOVLLIVS
Med. D. Professor honorarius Academiæ Imper.
Petropolitanæ, Anatomiæ et Botanices P.P.O. in
Academia Basilensi.
Nat. d. 29. Jan. A.S.R. MDCC


DANIELIS BERNOULLI Joh. Fil.
Med. Prof. Basil.
ACAD. SCIENT. IMPER. PETROPOLITANÆ, PRIUS MATHESEOS SUBLIMIORIS PROF. ORD. NUNC MEMBRI ET PROF. HONOR.

HYDRODYNAMICA,

SIVE
DE VIRIBUS ET MOTIBUS FLUIDORUM COMMENTARII.
OPUS ACADEMICUM
AB AUCTORE, DUM PETROPOLI AGERET, CONGESTUM.

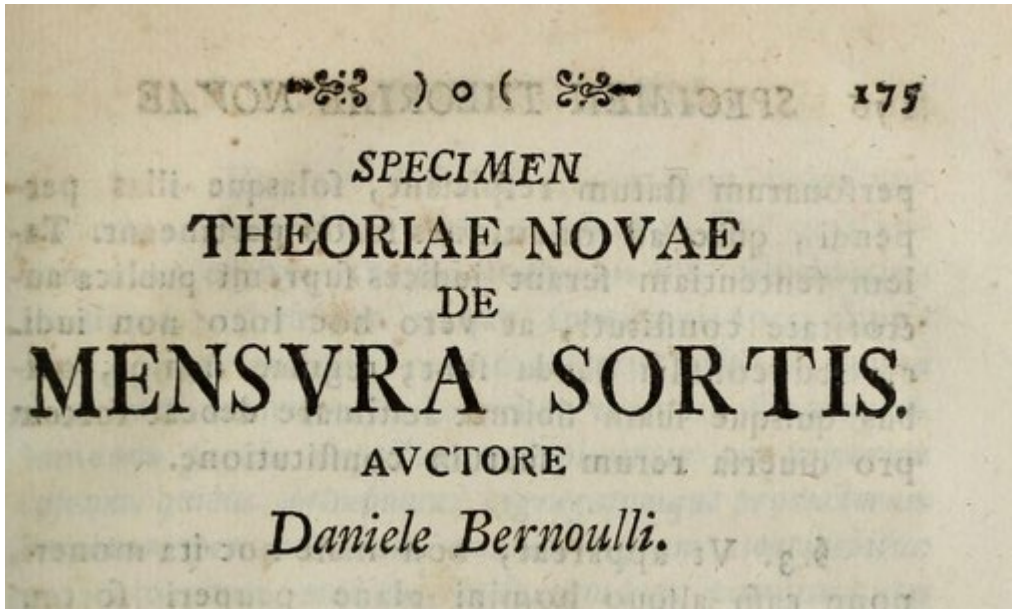
ARGENTORATI,
Sumptibus JOHANNIS REINHOLDI DULSECKERI,
Anno M D CC XXXVIII.
Typis Joh. Henr. Deckeri, Typographi Basilienſis.


COMMENTARII
ACADEMIAE
SCIENTIARVM
IMPERIALIS
PETROPOLITANAE.

TOMVS V.
AD ANNOS cIↃIↃcc xxx. et cIↃIↃcc xxxi.

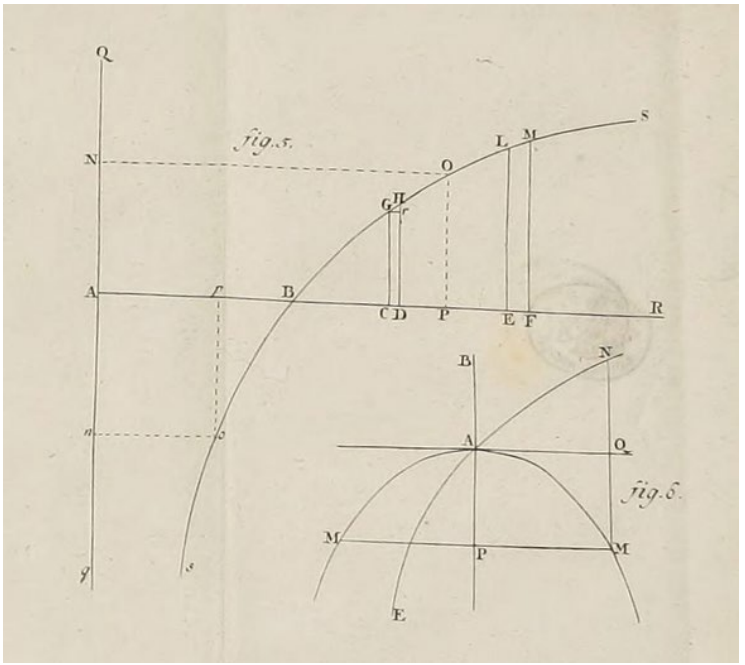
PETROPOLI,
TYPIS ACADEMIAE.
cIↃIↃ cc xxxv i i i.

Daniel Bernoulli (1700-1782)



) o (175

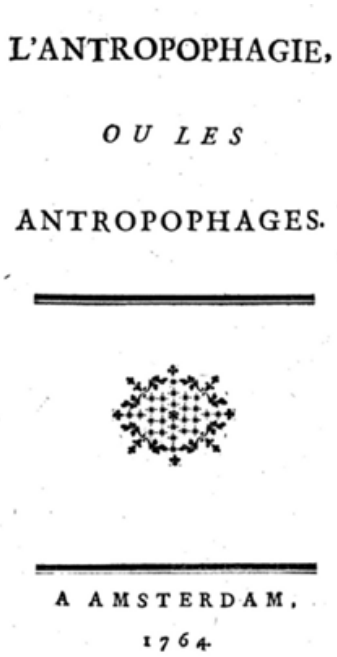
SPECIMEN
THEORIAE NOVAE
DE
MENSVRA SORTIS.
AVCTORE
Daniele Bernoulli.



St. Petersbourg's paradox

$$\sum_{k=1}^{\infty} \frac{2^k}{2^k} = 1+1+\ldots+1+\ldots = \infty$$

Physiocracy


L'ANTROPOPHAGIE,

OU LES

ANTROPOPHAGES.

A AMSTERDAM,

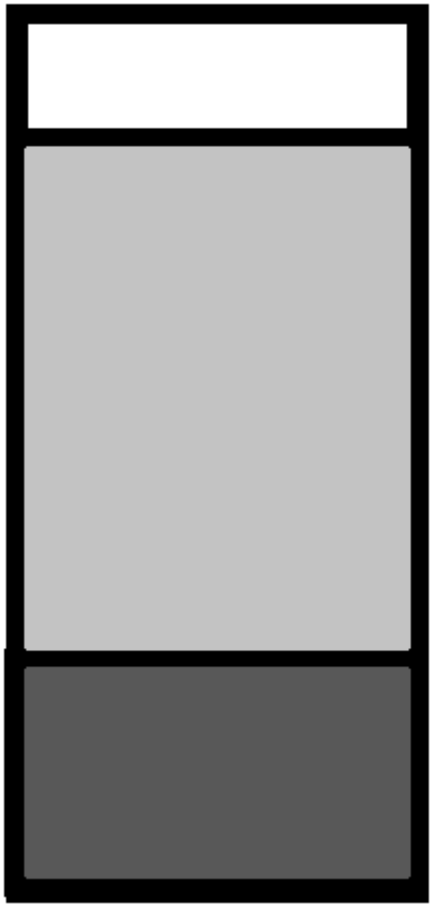
1764.

Price of grain controlled by the authorities. Prohibition of export

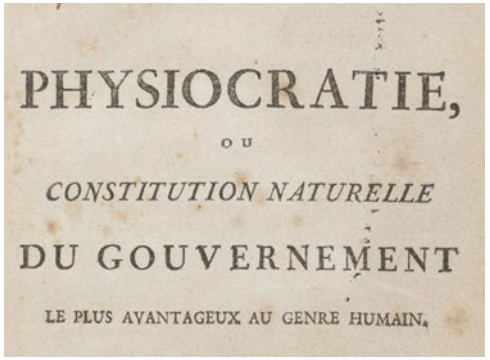
Tax collection by *fermiers généraux*

Taxes
Tax exemption
Need to pay for:
- Wars
- Versailles
- Subsidies to industry

Cost of production: high



Physiocracy

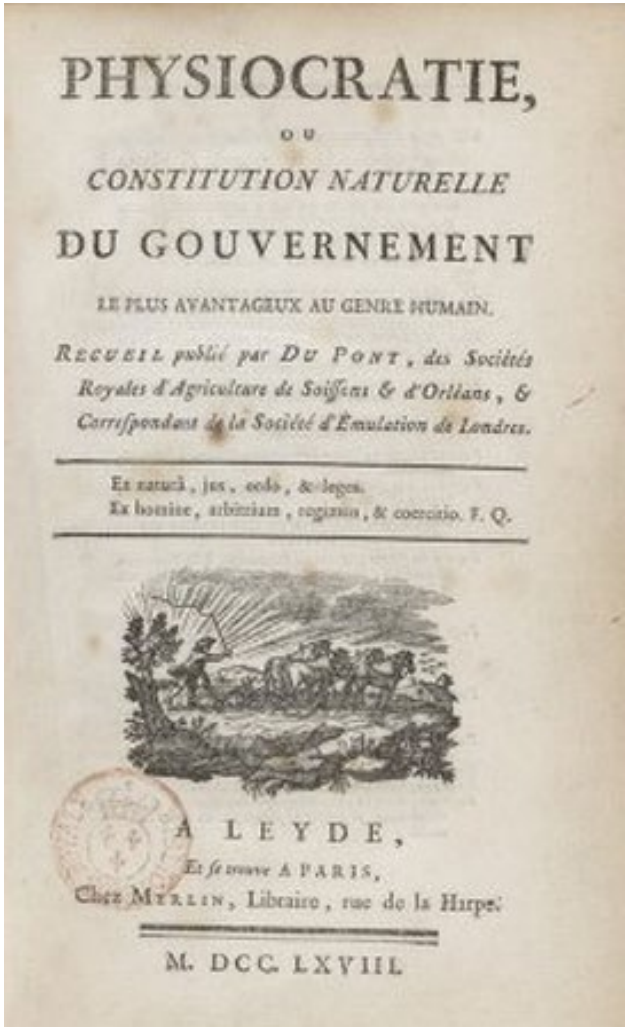


Physiocrats < φύσις (nature) + κράτος (rule)
Les économistes

Emphasis on agriculture

Tableau économique
Produit net
Impôt unique

Physiocracy



PHYSIOCRATIE,

OU

CONSTITUTION NATURELLE

DU GOUVERNEMENT

LE PLUS AVANTAGEUX AU GENRE HUMAIN.

Recueil publié par Du Pont, des Sociétés Royales d'Agriculture de Soissons & d'Orléans, & Correspondant de la Société d'Emulation de Londres.

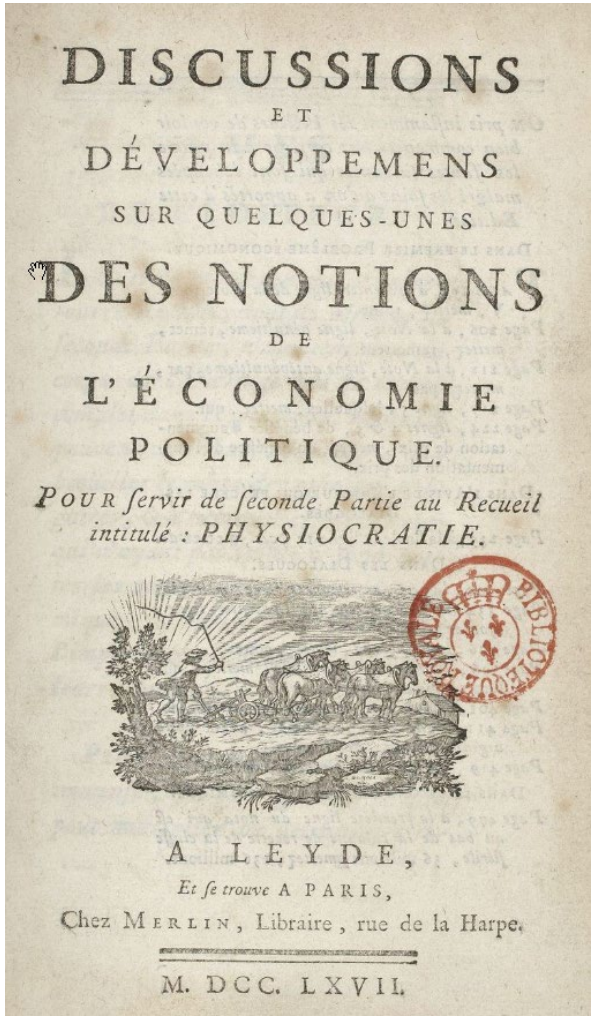
Ex naturâ, jus, ordo, & leges.
Ex homine, arbitrium, regimen, & coercitio. F. Q.

A LEYDE,

Et se trouve A PARIS,

Chez Merlin, Libraire, rue de la Harpe.

M. DCC. LXVIII.



DISCUSSIONS

ET

DÉVELOPPEMENS

SUR QUELQUES-UNES

DES NOTIONS

DE

L'ÉCONOMIE

POLITIQUE.

Pour servir de seconde Partie au Recueil intitulé : PHYSIOCRATIE.

A LEYDE,

Et se trouve A PARIS,

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M. DCC. LXVII.

François Quesnay (1694–1774)

François Quesnay (1694–1774)

Madame de Pompadour
(1721-1764)

Louis XV
(1710-1774)

François Quesnay (1694–1774)

TRAITÉ
DES EFFETS
ET
DE L'USAGE
DE LA SAIGNÉE.

Par M. QUESNAY, Médecin Consultant du Roy.

Nouvelle Edition de deux Traités de l'Auteur sur la Saignée, réunis, mis dans un nouvel ordre, & très-augmentés.

A PARIS,

Chez D'HOURY pere, Imprimeur-Libraire de Monseigneur le Duc d'ORLEANS, rue de la vieille Bouclerie.

M. D. CC. L.

AVEC APPROBATION ET PRIVILEGE DU ROY.

ESSAI
PHISIQUE
SUR
L'OECONOMIE
ANIMALE.

Par FRANÇOIS QUESNAY, *Maitre ès Arts, Chirurgien reçu à S. Côme, Membre de la Societé Academique des Arts, & de l'Academie des Sciences & Belles Lettres de Lyon; Chirurgien de* MONSEIGNEUR LE DUC DE VILLEROY.

A PARIS.

Chez GUILLAUME CAVELIER, près la Fontaine saint Severin au Lys d'or.

M. DCC. XXXVI.

Avec Approbation & Privilege du Roi.

TRAITÉ
DE LA
SUPPURATION.

Par M. QUESNAY, *Ecuyer, Membre de l'Academie Royale des Sciences, de la Societé Royale de Londres, &c. Medecin Consultant du Roi, & premier Medecin ordinaire de* SA MAJESTÉ *en survivance.*

A PARIS,

Chez la Veuve D'HOURY, Imprimeur-Libraire de Mgr le Duc d'Orléans, rue Saint Severin, près la rue S. Jacques.

M DCC. LXIV.

AVEC APPROBATION ET PRIVILEGE DU ROY.

François Quesnay (1694–1774)

ENCYCLOPÉDIE,

OU

DICTIONNAIRE RAISONNÉ

DES SCIENCES,

DES ARTS ET DES MÉTIERS,

PAR UNE SOCIETÉ DE GENS DE LETTRES.

Mis en ordre & publié par M. *DIDEROT*, de l'Académie Royale des Sciences & des Belles-Lettres de Pruſſe ; & quant à la PARTIE MATHÉMATIQUE, par M. *D'ALEMBERT*, de l'Académie Françoiſe, de l'Académie Royale des Sciences de Paris, de celle de Pruſſe, de la Société Royale de Londres, de l'Académie Royale des Belles-Lettres de Suede, & de l'Inſtitut de Bologne.

Tantùm ſeries juncturaque pollet,
Tantùm de medio ſumptis accedit honoris ! HORAT.

TOME SIXIEME.

A PARIS,

Chez { BRIASSON, *rue Saint Jacques, à la Science.*
DAVID l'aîné, *rue & vis-à-vis la Grille des Mathurins.*
LE BRETON, Imprimeur ordinaire du Roy, *rue de la Harpe.*
DURAND, *rue du Foin, vis-à-vis la petite Porte des Mathurins.*

M. DCC. LVI.

AVEC APPROBATION ET PRIVILEGE DU ROY.

ÉVIDENCE, ſ. f. (*Métaphyſiq.*) le terme *évidence* ſignifie une certitude ſi claire & ſi manifeſte par elle-même, que l'eſprit ne peut s'y refuſer.

Il y a deux ſortes de certitude ; la foi, & l'*évidence*.

La foi nous apprend des vérités qui ne peuvent être connues par les lumieres de la raiſon. L'*évidence* eſt bornée aux connoiſſances naturelles.

FERMIERS, (*Econ. polit.*) ſont ceux qui afferment & font valoir les biens des campagnes, & qui pro-

GRAINS, (*Economie polit.*) Les principaux objets du Commerce en France, ſont les *grains*, les vins & eaux-de-vie, le ſel, les chanvres & les lins, les laines, & les autres produits que fourniſſent les beſtiaux : les manufactures des toiles & des étoffes communes peuvent augmenter beaucoup la valeur des chanvres, des lins, & des laines, & procurer la ſubſiſtance à beaucoup d'hommes qui ſeroient occupés

IMPOTS (ÉCONOMIE POLITIQUE) (1).

Les droits ou impôts que les sujets (payent) au souverain pour les dépenses du Gouvernement, s'établissent sur les richesses annuelles d'une nation. Ces richesses peuvent se réduire à quatre classes :

Richesses annuelles.

François Quesnay (1694–1774)

TABLEAU ŒCONOMIQUE.

Tableau Oeconomique
1758

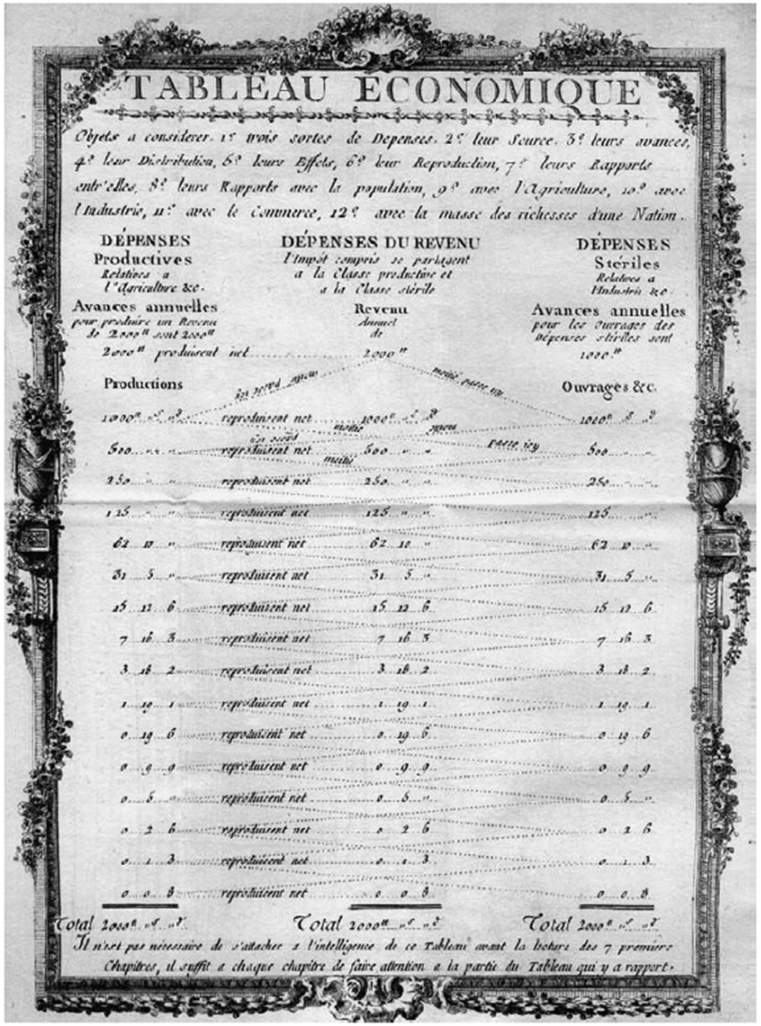


TABLEAU ÉCONOMIQUE

Objets a considerer. 1° trois sortes de Depenses. 2° leur Source. 3° leurs avances, 4° leur Distribution, 5° leurs Effets, 6° leur Reproduction, 7° leurs Rapports entr'elles, 8° leurs Rapports avec la population, 9° avec l'Agriculture, 10° avec l'industrie, 11° avec le Commerce, 12° avec la masse des richesses d'une Nation.

DÉPENSES Productives
Relatives a l'Agriculture &c.

DÉPENSES DU REVENU
l'Impôt compris se partagent a la Classe productive et a la Classe stérile

DÉPENSES Stériles
Relatives a l'Industrie &c.

Avances annuelles
pour produire un Revenu de 2000# sont 2000#

Revenu
Annuel de
2000 #

Avances annuelles
pour les Ouvrages des dépenses stériles sont
1000 #

2000# produisent net

Productions

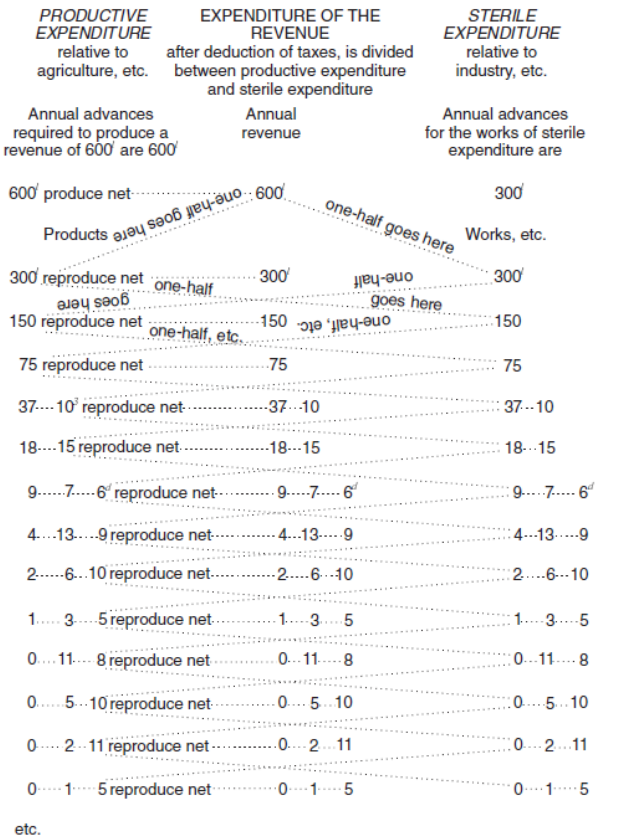
Ouvrages &c.

1000#	reproduisent net	1000#	1000#
500	reproduisent net	500	500
250	reproduisent net	250	250
125	reproduisent net	125	125
62 10	reproduisent net	62 10	62 10
31 5	reproduisent net	31 5	31 5
15 12 6	reproduisent net	15 12 6	15 12 6
7 16 3	reproduisent net	7 16 3	7 16 3
3 18 2	reproduisent net	3 18 2	3 18 2
1 19 1	reproduisent net	1 19 1	1 19 1
0 19 6	reproduisent net	0 19 6	0 19 6
0 9 9	reproduisent net	0 9 9	0 9 9
0 5	reproduisent net	0 5	0 5
0 2 6	reproduisent net	0 2 6	0 2 6
0 1 3	reproduisent net	0 1 3	0 1 3
0 0 8	reproduisent net	0 0 8	0 0 8
Total 2000#		Total 2000#	Total 2000#

Il n'est pas nécessaire de s'attacher a l'intelligence de ce Tableau avant la lecture des 7 premiers Chapitres, il suffit a chaque chapitre de faire attention a la partie du Tableau qui y a rapport.

TABLEAU ÉCONOMIQUE[1]

Objects to be considered: (1) three kinds of expenditure; (2) their source; (3) their advances; (4) their distribution; (5) their effects; (6) their reproduction; (7) their relations with one another; (8) their relations with the population; (9) with agriculture; (10) with industry; (11) with trade; (12) with the total wealth of a nation.



TOTAL REPRODUCED.....600 of revenue; in addition, the annual costs of 600 and the interest on the original advances of the husbandman amounting to 300, which the land restores. Thus the reproduction is 1500, including the revenue of 600 which forms the base of the calculation, abstraction being made of the taxes deducted and of the advances which their annual reproduction entails, etc.

Figure 7.1 Quesnay's Tableau économique
Source: Quesnay's tableau économique, edited by M. Kuczynski and R.L. Meek, Macmillan (now Palgrave Macmillan), London, 1972.

	Agriculture	*Manufacturing*	*Landlords*	*GDP*
Agriculture	2	2	1	5
Manufacturing	1		1	2
Landlords	2			2
Gross National Income	5	2	2	9

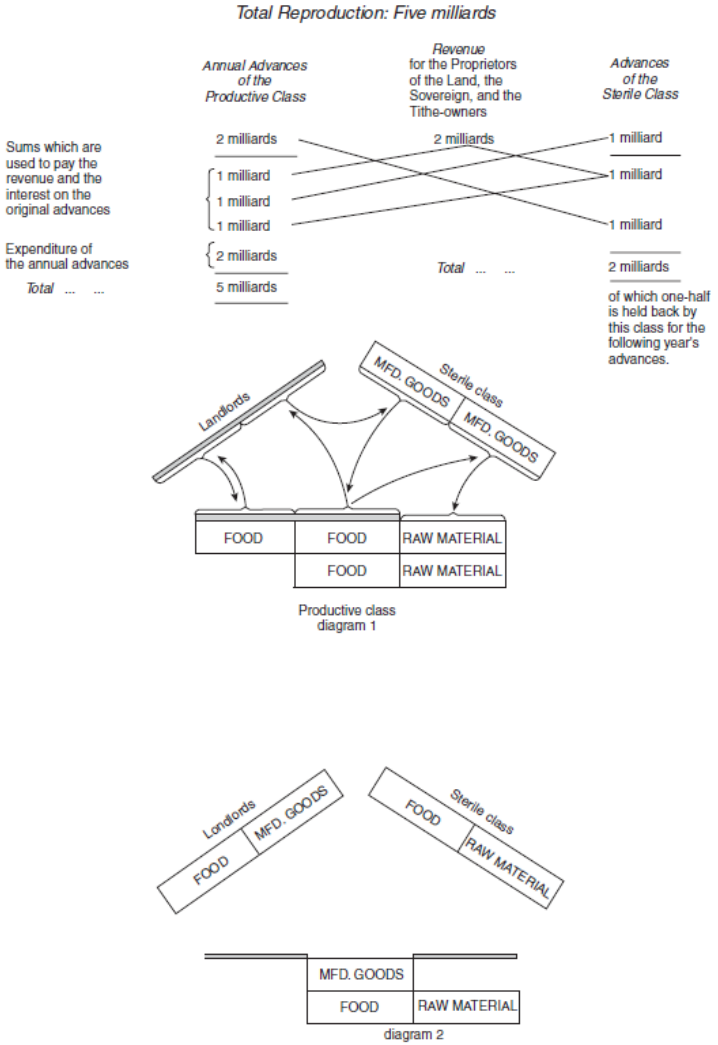


Figure 7.2 Formula of the *Tableau économique*
Sources: R.L. Meek, *The Economics of Physiocracy*, Allen & Unwin, London, 1962, p.158; Paul Sweezy, *Theory of Capitalist Development*, Dennis Dobson, London, 1949, pp. 366–7 (this is, in fact, an appendix prepared for Sweezy by Shigeto Tsuru).

Karl Marx's Simple Reproduction Schema

$$C_1 = c_1 + v_1 + s_1$$

$$C_2 = c_2 + v_2 + s_2$$

$$C_1 = c_1 + c_2$$

$$C_2 = v_1 + v_2 + s_1 + s_2$$

Table 2.1 Marx's simple reproduction schema

	C_i	V_i	S_i	W_i
Dept. 1	4,000	1,000	1,000	6,000
Dept. 2	2,000	500	500	3,000
	6,000	1,500	1,500	9,000

Das Kapital.

Kritik der politischen Oekonomie.

Von

Karl Marx.

Zweiter Band.

Buch II: Der Cirkulationsprocess des Kapitals.

Herausgegeben von Friedrich Engels.

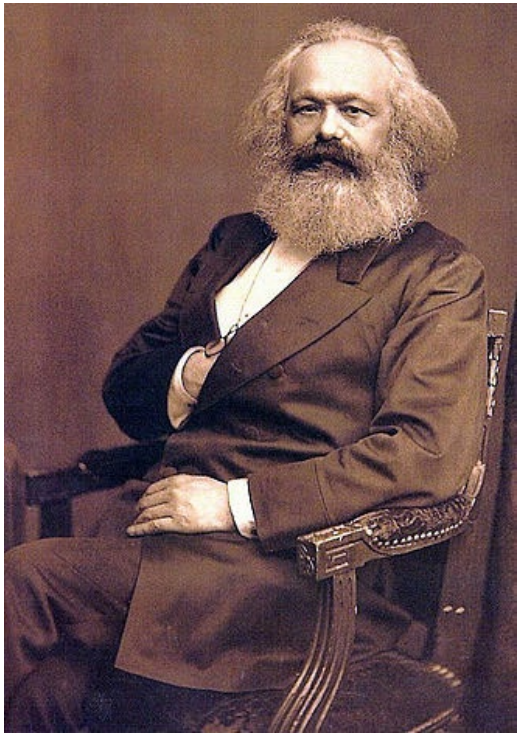
Das Recht der Uebersetzung ist vorbehalten.

Hamburg
Verlag von Otto Meissner.
1885.

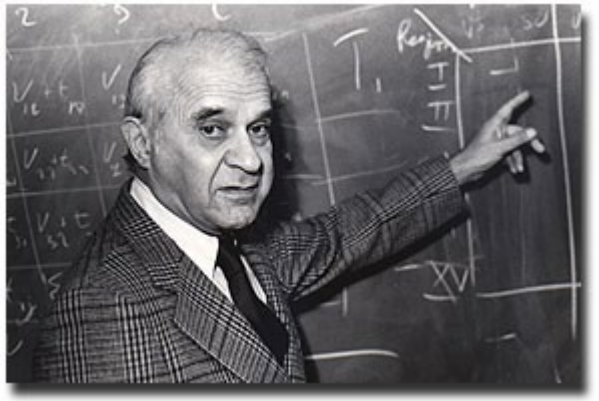
I. Einfache Reproduktion.

Betrachten wir also zunächst den zwischen den Extremen P . . . P in der Cirkulationssphäre verlaufenden Process W′ — G′ — W.

Der Ausgangspunkt dieser Cirkulation ist das Waarenkapital: W′ = W + w = P + w. Die Funktion des Waarenkapitals W′ — G′ (die Realisirung des in ihm enthaltenen Kapitalwerths = P, der jetzt als Waarenbestandtheil W existirt, wie des in ihm enthaltnen Mehrwerths, der als Bestandtheil derselben Waarenmasse, mit dem Werth w, existirt) wurde in der ersten Form des Kreislaufs betrachtet. Aber dort bildete sie die zweite Phase der unterbrochnen Cirkulation und die Abschlussphase des ganzen Kreislaufs. Hier bildet sie die zweite Phase des Kreislaufs, aber die erste Phase der Cirkulation. Der erste Kreislauf endet mit G′, und da G′ ebensowohl wie das ursprüngliche G von neuem als Geldkapital den zweiten Kreislauf eröffnen kann, war es zunächst nicht nöthig weiter zuzusehn, ob die in G′ enthaltnen G und g (der Mehrwerth) ihre Bahn mit einander fortsetzen, oder ob sie verschiedne Bahnen beschreiben. Dies wäre nur nöthig geworden, hätten wir den ersten Kreislauf in seiner Erneurung weiter verfolgt. Dieser Punkt muss aber im Kreislauf des pro-



Wassily Leontief (1906–1999)



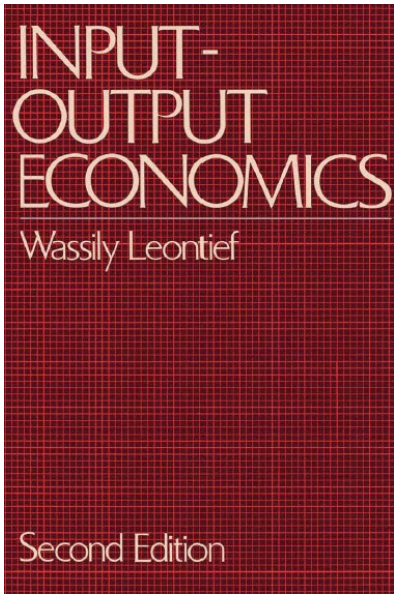


Table 3-2 Input-output table of the U.S. economy for the year 1958 reduced to 8 from 57 producing sectors[a]

Column row	Industry	Food and Drugs (1)	House-wares (2)	Machinery (3)	Trans. Equip. & Consum. Appl. (4)	Construction (5)	Metals (6)	Energy (7)	Chemicals (8)	Final Demand	Gross Domestic Output
1	Food and drugs	15,202	547	161	353	513	165	218	386	58,728	76,272
		(12,468)	(96)	(11)	(49)	(17)	(53)	(62)	(288)	(55,320)	
2	Textiles, clothing, and	347	12,815	92	821	761	171	63	61	21,369	36,500
	furnishings	(155)	(12,692)	(37)	(636)	(524)	(47)	(8)	(38)	(20,033)	
3	Machinery	430	215	2,321	2,061	1,397	819	406	200	13,385	21,233
		(28)	(105)	(2,186)	(1,644)	(748)	(545)	(141)	(150)	(11,293)	
4	Transportation equipment	363	158	816	11,791	1,372	485	183	53	38,691	53,912
	and consumer appliances	(29)	(55)	(691)	(11,196)	(753)	(101)	(29)	(5)	(32,670)	
5	Construction	1,158	218	115	308	48	284	1,541	70	65,117	69,291
		(235)	(18)	(26)	(109)	(8)	(131)	(579)	(6)	(56,836)	
6	Metals	1,033	475	3,073	6,038	6,468	7,959	388	479	2,244	28,158
		(46)	(277)	(2,631)	(4,618)	(3,650)	(7,335)	(110)	(389)	(−45)	
7	Energy	2,158	652	371	805	2,774	1,704	6,888	1,127	23,851	40,330
		(783)	(293)	(226)	(404)	(1,536)	(1,391)	(6,236)	(1,007)	(17,702)	
8	Chemicals	1,956	1,030	201	475	1,218	459	713	2,500	3,218	11,770
		(1,056)	(218)	(117)	(115)	(437)	(283)	(576)	(2,351)	(1,510)	
	Value added	53,625	20,390	14,083	31,260	54,308	16,112	29,930	6,894	178,912	405,515
		(22,252)	(12,844)	(10,254)	(20,677)	(28,937)	(10,509)	(15,127)	(4,674)		
Total		76,272	36,500	21,233	53,912	69,291	28,158	40,330	11,770	405,515	
	Labor	8,182	3,929	1,820	3,891	8,581	1,867	1,755	671	26,430	57,146
		(2,202)	(2,808)	(1,307)	(2,467)	(4,847)	(1,155)	(1,003)	(403)		

[a]Derived from the 83-sector table published in "Transaction Table of the 1958 Input-Output Study and Revised Direct Requirements Data," *Survey of Current Business* 45 (9), September 1969. Each of the 8 sectors of the intermediate 57-sector table retained in this reduced table represents an aggregate of the following industries identified by the numbers they carry in the original 83-sector table:

(1) Food and drugs: 14, 15, 29; (2) textiles, clothing, furnishings: 16, 17, 18, 19, 34, 22, 23; (3) machinery (only final): 51, 44, 45, 46, 47, 48, 49, 50, 63; (4) transportation equipment and consumer appliances: 52, 54, 56, 59, 60, 61, 62; (5) construction: 11, 12; (6) metals: 37, 38; (7) energy: 31, 68; (8) chemicals: 27.
Corresponding entries in the unreduced 57-sector table appear in parentheses. The units are man-years in the labor row and millions of dollars in all other rows.

Victor de Riqueti, Marquis de Mirabeau (1715-1789)

L'AMI DES HOMMES,

OU

TRAITÉ

DE LA POPULATION.

PREMIÈRE PARTIE.

A AVIGNON.

1756.

Victor de Riqueti, Marquis de Mirabeau (1715-1789)

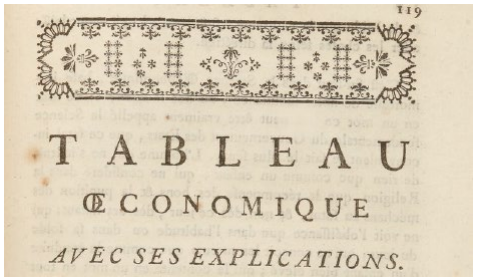
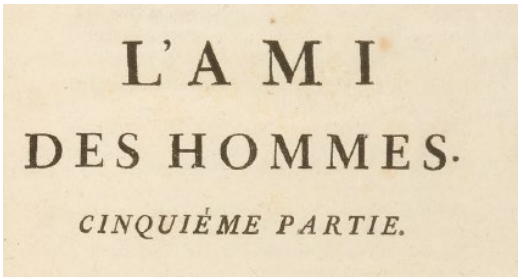
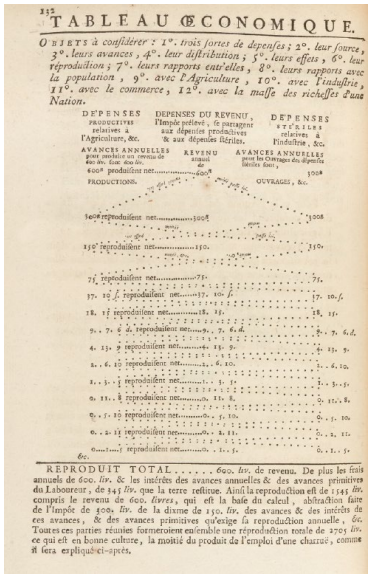
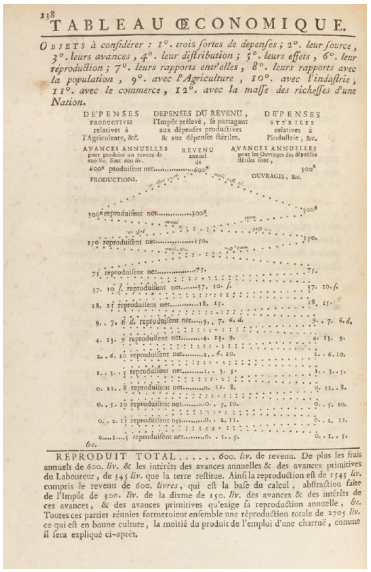
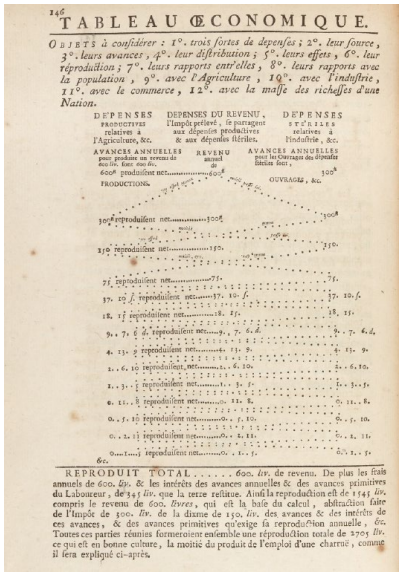

119

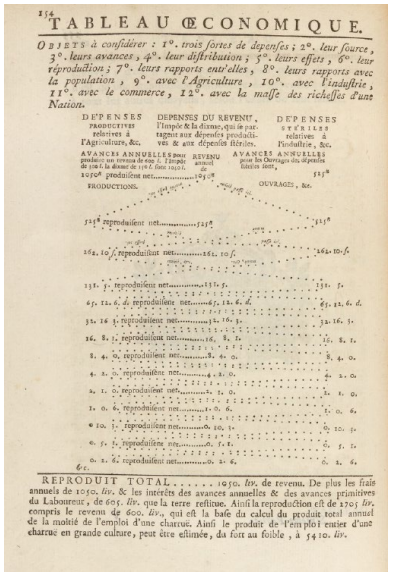
TABLEAU
ŒCONOMIQUE
AVEC SES EXPLICATIONS.


L'AMI
DES HOMMES.
CINQUIÉME PARTIE.


132
TABLEAU ŒCONOMIQUE.

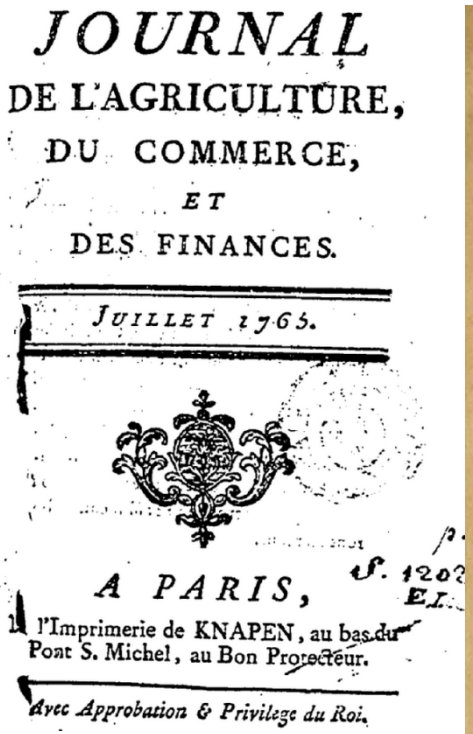

138
TABLEAU ŒCONOMIQUE.


146
TABLEAU ŒCONOMIQUE.


154
TABLEAU ŒCONOMIQUE.

Different versions of the *Tableau Oeconomique*

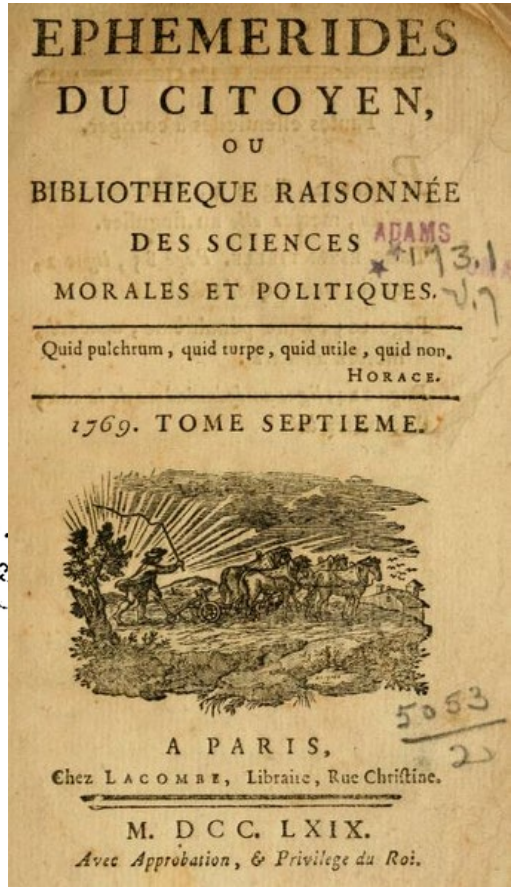
Pierre Samuel DuPont de Nemours (1739-1817)


JOURNAL
DE L'AGRICULTURE,
DU COMMERCE,
ET
DES FINANCES.

JUILLET 1765.

A PARIS,
l'Imprimerie de KNAPEN, au bas du Pont S. Michel, au Bon Protecteur.

Avec Approbation & Privilege du Roi.


EPHEMERIDES
DU CITOYEN,
OU
BIBLIOTHEQUE RAISONNÉE
DES SCIENCES
MORALES ET POLITIQUES.

Quid pulchrum, quid turpe, quid utile, quid non.
HORACE.

1769. TOME SEPTIEME.

A PARIS,
Chez LACOMBE, Libraire, Rue Christine.

M. DCC. LXIX.
Avec Approbation, & Privilege du Roi.

Pierre-Samuel du Pont, engraving by L.-J. Cathelin, after a portrait by J. Ducreux

Abbé Nicolas Baudeau (1730-1792)

EXPOSITION
DE LA
LOI NATURELLE.
Par M. l'Abbé B.

Prix, douze sols.

A AMSTERDAM,
Et se trouve
A PARIS;
Chez LACOMBE, Libraire, Quai de Conti.

M. DCC. LXVII.

ÉPHÉMÉRIDES
DU CITOYEN,
OU
CHRONIQUE
DE L'ESPRIT NATIONAL.

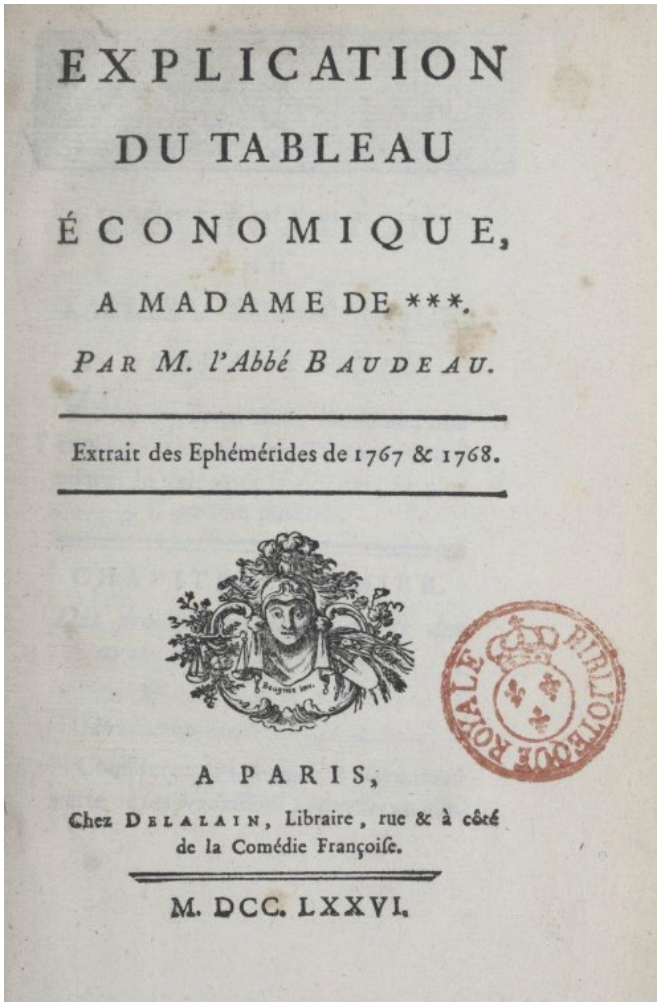
Quid pulchrum, quid turpe, quid utile, quid non.
HORACE.

TOME PREMIER.

A PARIS,
Chez NICOLAS AUGUSTIN DELALAIN, Libraire,
rue Saint-Jacques, à S. Jacques.

M. DCC. LXV.
AVEC APPROBATION & PERMISSION.

Abbé Nicolas Baudeau (1730-1792)



EXPLICATION

DU TABLEAU

ÉCONOMIQUE,

A MADAME DE ***.

PAR M. l'Abbé BAUDEAU.

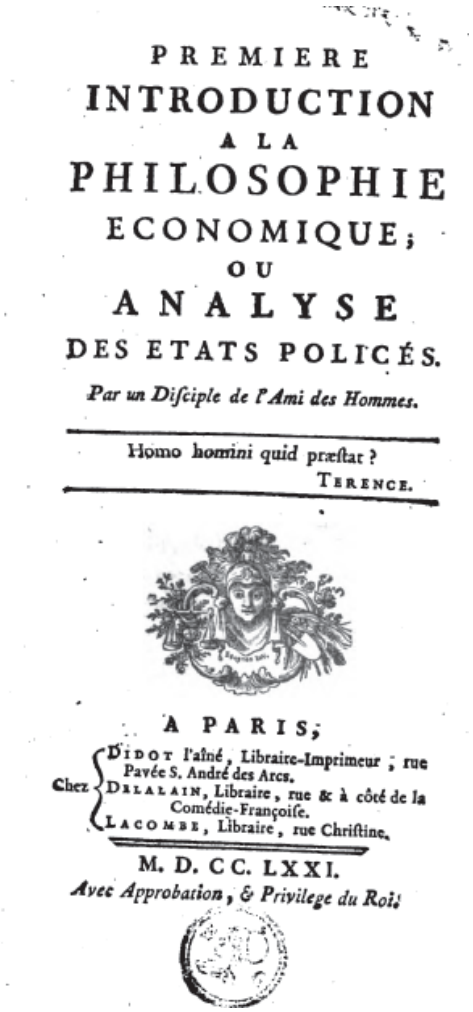
Extrait des Ephémérides de 1767 & 1768.

BIBLIOTHEQUE ROYALE

A PARIS,

Chez DELALAIN, Libraire, rue & à côté de la Comédie Françoiſe.

M. DCC. LXXVI.



PREMIERE

INTRODUCTION

A LA

PHILOSOPHIE

ECONOMIQUE;

OU

ANALYSE

DES ETATS POLICÉS.

Par un Diſciple de l'Ami des Hommes.

Homo homini quid præſtat?

TERENCE.

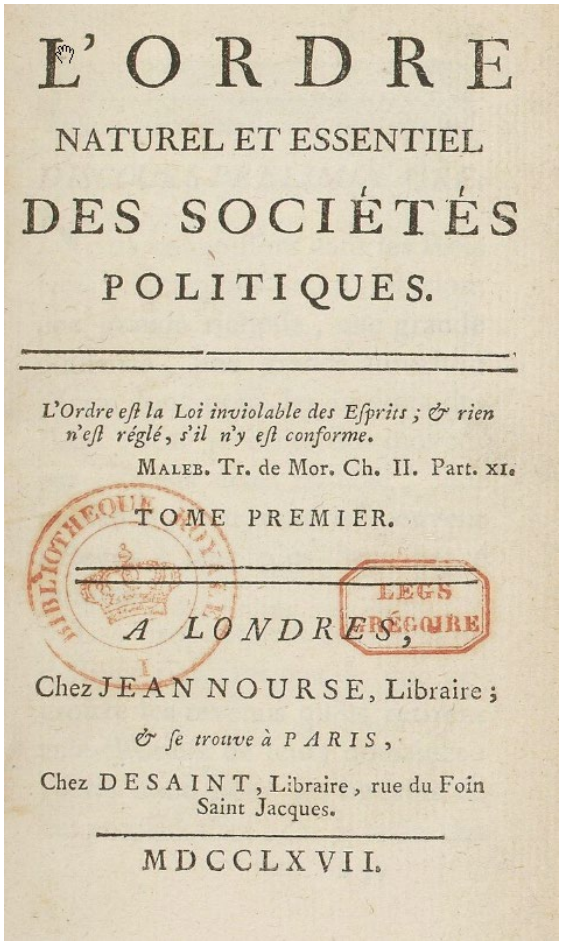
A PARIS;

Chez DIDOT l'aîné, Libraire-Imprimeur, rue Pavée S. André des Arcs.
DELALAIN, Libraire, rue & à côté de la Comédie-Françoiſe.
LACOMBE, Libraire, rue Chriſtine.

M. D. CC. LXXI.

Avec Approbation, & Privilege du Roi.

Paul Pierre le Mercier de la Rivière (1720-1794)



L'ORDRE

NATUREL ET ESSENTIEL

DES SOCIÉTÉS

POLITIQUES.

L'Ordre eſt la Loi inviolable des Eſprits ; & rien n'eſt réglé, s'il n'y eſt conforme.

MALEB. Tr. de Mor. Ch. II. Part. XI.

TOME PREMIER.

BIBLIOTHEQUE LEGS PRÉCOURE

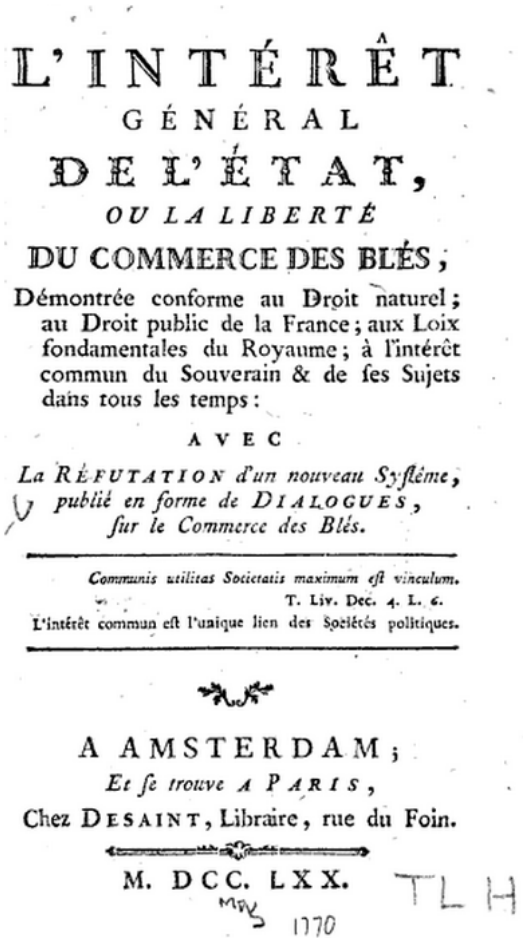
A LONDRES,

Chez JEAN NOURSE, Libraire ;

& ſe trouve à PARIS,

Chez DESAINT, Libraire, rue du Foin Saint Jacques.

MDCCLXVII.



L'INTÉRÊT

GÉNÉRAL

DE L'ÉTAT,

OU LA LIBERTÉ

DU COMMERCE DES BLÉS,

Démontrée conforme au Droit naturel ; au Droit public de la France ; aux Loix fondamentales du Royaume ; à l'intérêt commun du Souverain & de ſes Sujets dans tous les temps :

AVEC

La RÉFUTATION d'un nouveau Syſtême, publié en forme de DIALOGUES, ſur le Commerce des Blés.

Communis utilitas Societatis maximum eſt vinculum.
T. Liv. Dec. 4. L. 6.
L'intérêt commun eſt l'unique lien des Sociétés politiques.

A AMSTERDAM ;

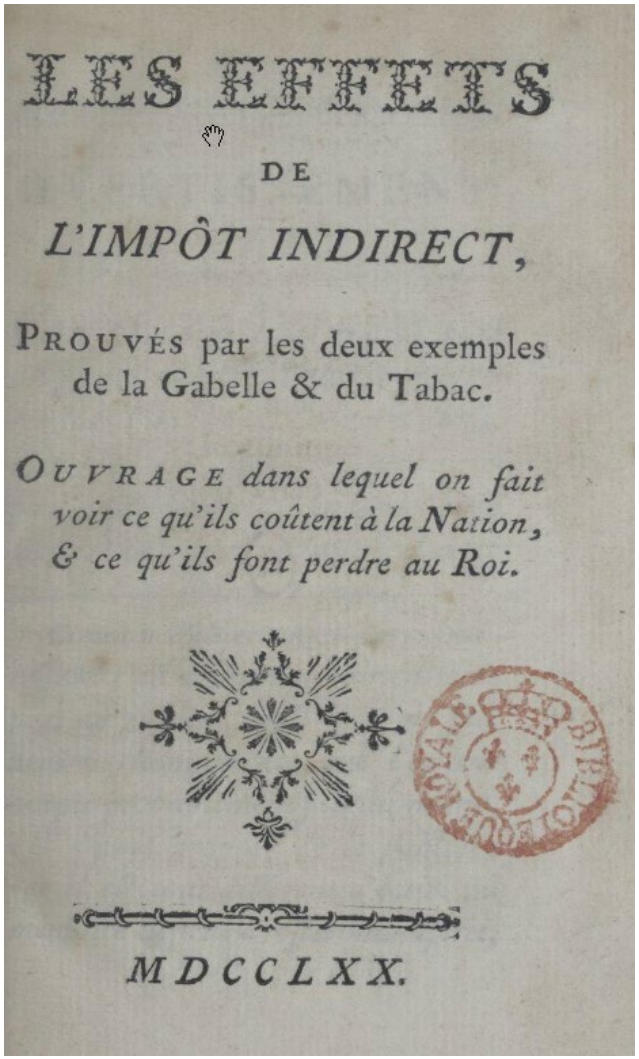
Et ſe trouve A PARIS,

Chez DESAINT, Libraire, rue du Foin.

M. DCC. LXX.

TLH 1770

Guillaume François Le Trosne (1728-1780)



LES EFFETS

DE

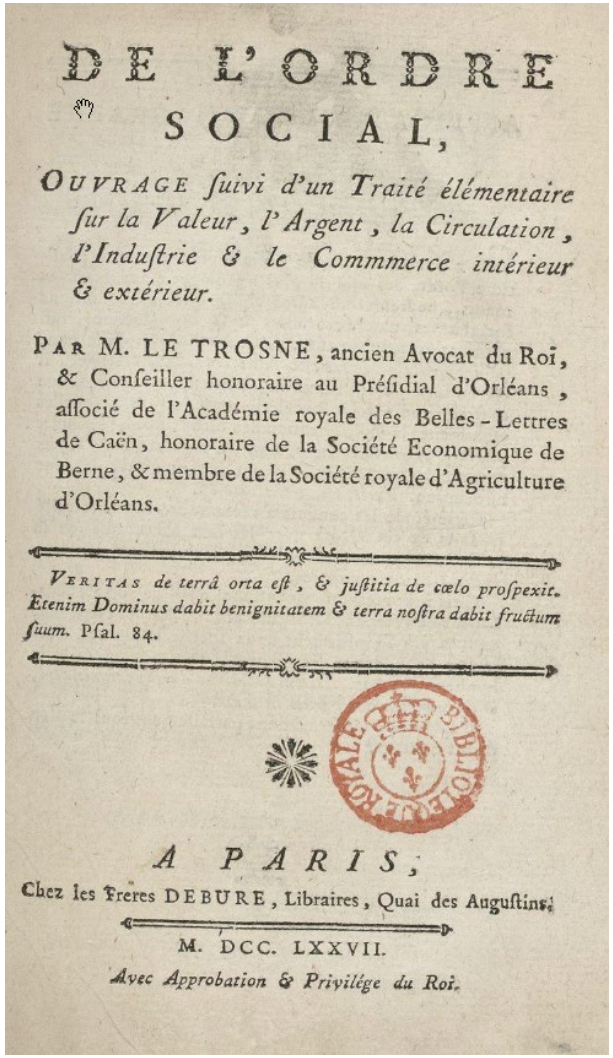
L'IMPÔT INDIRECT,

PROUVÉS par les deux exemples de la Gabelle & du Tabac.

OUVRAGE *dans lequel on fait voir ce qu'ils coûtent à la Nation, & ce qu'ils font perdre au Roi.*

BIBLIOTHEQUE ROYALE

MDCCLXX.



DE L'ORDRE SOCIAL,

OUVRAGE suivi d'un Traité élémentaire sur la Valeur, l'Argent, la Circulation, l'Induſtrie & le Commerce intérieur & extérieur.

PAR M. LE TROSNE, ancien Avocat du Roi, & Conſeiller honoraire au Préſidial d'Orléans, aſſocié de l'Académie royale des Belles-Lettres de Caën, honoraire de la Société Economique de Berne, & membre de la Société royale d'Agriculture d'Orléans.

VERITAS de terrâ orta eſt, & juſtitia de cœlo proſpexit. Etenim Dominus dabit benignitatem & terra noſtra dabit fructum ſuum. Pſal. 84.

BIBLIOTHEQUE ROYALE

A PARIS,

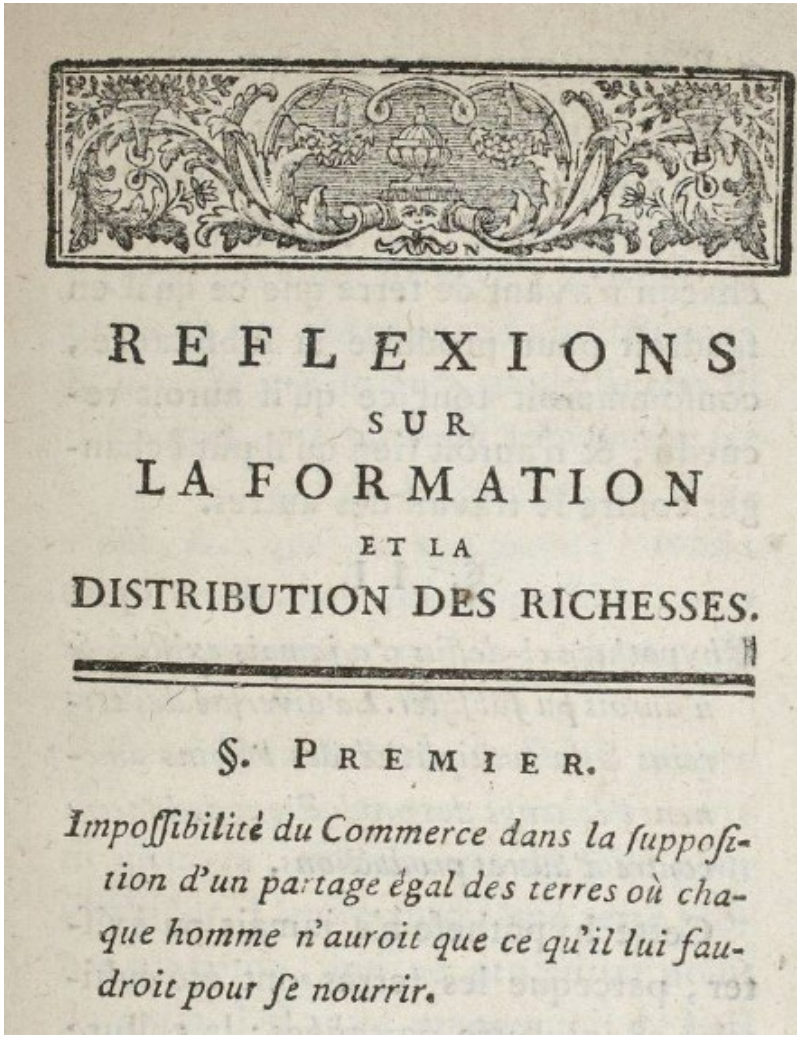
Chez les Freres DEBURE, Libraires, Quai des Auguſtins.

M. DCC. LXXVII.

Avec Approbation & Privilége du Roi.

Anne-Robert-Jacques Turgot (1727-1781)

« Étymologie »,
« Existence »,
« Expansibilité »,
« Foire »,
« Fondation »,
Encyclopédie 1757



REFLEXIONS
SUR
LA FORMATION
ET LA
DISTRIBUTION DES RICHESSES.

§. PREMIER.

Impoſſibilité du Commerce dans la ſuppoſition d'un partage égal des terres où chaque homme n'auroit que ce qu'il lui faudroit pour ſe nourrir.

Anne-Robert-Jacques Turgot (1727-1781)

§. LVIII.

Tout capital en argent, ou toute ſomme de valeur quelconque, eſt l'équivalent d'une terre produiſant un revenu égal à une portion déterminée de cette ſomme. Premier emploi des capitaux. Achât d'un fond de terre.

Anne-Robert-Jacques Turgot (1727-1781)

[79]

102. - VALEURS ET MONNAIES

(Projet d'article, 1769)

(Les mesures. - Les diverses espèces de monnaie. La valeur : pour l'homme isolé; dans l'échange.)

La monnaie a cela de commun avec toutes les espèces de mesures, qu'elle est une sorte de langage qui diffère, chez les différents peuples, en tout ce qui est arbitraire et de convention, mais qui se rapproche et s'identifie, à quelques égards, par ses rapports, à un terme ou étalon commun.

IV. OBSERVATIONS

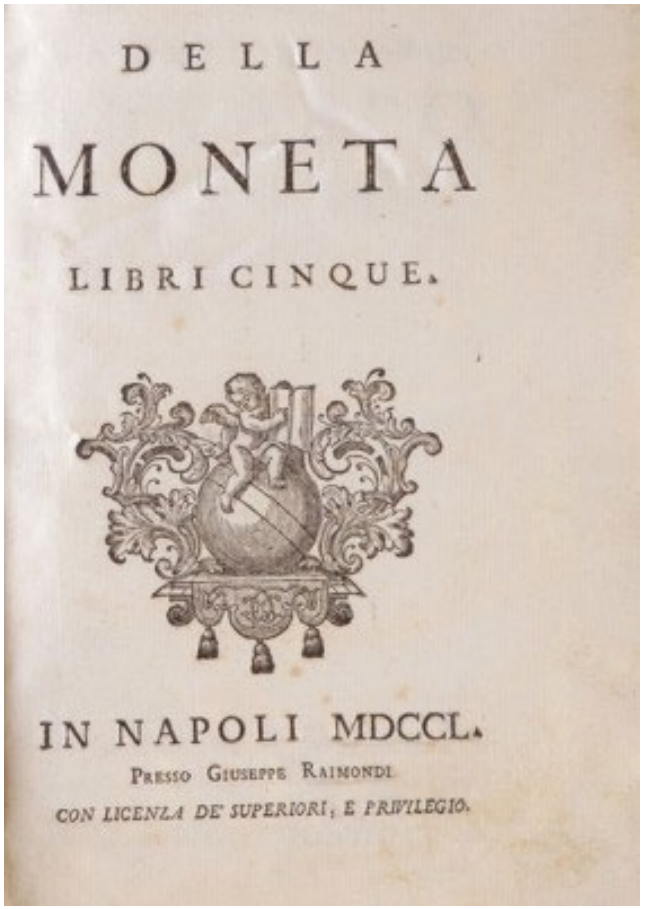
SUR LE MÉMOIRE DE M. DE SAINT-PERAVY

EN FAVEUR DE L'IMPÔT INDIRECT,

COURONNÉ PAR LA SOCIÉTÉ ROYALE D'AGRICULTURE DE LIMOGES.

1767

Ferdinando Galiani (1728-1787)



Ferdinando Galiani (1728-1787)

Aristotele, uomo per altro d'ingegno grandissimo e maraviglioso, nel lib. 5 de' Costumi al c. 7, ove ha molte belle considerazioni esposte, intorno alla natura della moneta ha pensato così: *Ex convento successit nummus, atque ob hanc causam nomisma vocatur* (a Græcis) '*nempe a lege, quia non natura sed lege valeat, sitque in nostra potestate eum immutare inutilemque reddere*; e nelle Opere

Politiche al lib. 1 c. 6 lo stesso ripete. Or se ne' suoi insegnamenti è stato questo filosofo oltre il dovere con nostro danno seguitato, in niuno più che in questo lo è stato.

tire nè la debolezza di questo nè il vacillamento di quello. Perciò io prima d'ogni altro con ogni mio studio m'ingegnerò dimostrare quello onde vivo da gran tempo persuaso, che non solo i metalli componenti la moneta ma ogni altra cosa al mondo, niuna eccettuandone, ha il suo naturale valore da principj certi, generali e costanti derivato; che nè il capriccio, nè la legge, nè il principe e nè altra cosa può far violenza a questi principj e al loro effetto; e in fine che nella stima gli uomini, come gli Scolastici dicono, *passive se habent*. Sopra queste basi

Ferdinando Galiani (1728-1787)

an intrinsic, certain, and natural value.[4-1]

Sentiments of Aristotle.

Aristotle, a great genius and a man of wonder, has laid bare many fine considerations concerning the nature of money as, for example, in *Customs*, Chapter Seven, Book Five where he has written as follows:

> τὸ νόμισα γέγονε κατὰ συνθήκην, καὶ διὰ τοῦτο τούνομα ἔχει νόμισμα, ὅτι οὐ φύσει, ἀλλὰ νομῷ ἐστι, καὶ ἐφ' ἡμῖν μεταβάλλειν, καὶ ποιῆσαι ἄχρησον:[4-2]
> *Ex convento successit nummus, atque ob hanc causam* νόμισμα *vocabitur (a Graecis) nempe a lege, quia non natura, sed lege valeat, sitque in nostra potestate eum immutare, inutilemque reddere.*[4-3]

This is repeated in Chapter Six, Book One of *Politics*. If this philosopher has ever been heeded in his teachings more than is appropriate, it would be in this matter, to our detriment. Following his master, Bishop Covarruvias, for example, proceeds in this manner:

> *Si non natura ipsa, sed a Principe valorem numismata accipiunt, & ab ipso legem revocante inutilia effici possunt, profecto non tanti estimatur materia ipsa auri vel argenti, quantum numus ipse; cum si tanti estimaretur natura ipsa non lege praetium haberet.*[4-4]

Aristotelians, which includes Moralists and Jurisconsults, reason in the same way. It is obvious how correct such conclusions are. Given the truth of such a principle, I should not wish any to have to demonstrate by direct experience just how fatal and productive of grief such considerations can be. These opinions cannot be contradicted without destroying their very basis. Hence, I do not know, or even begin to understand, how it could be possible that such writers as John Locke, Davanzati,[4-5] Broggia,[4-6] the authors respectively of the works *Sul commercio*[4-7] and of *Dello spirito delle leggi*,[4-8] among others, could have had contrary sentiments so firmly established on so false a foundation, without ever denying the first principle. They were not aware either of the weakness of the latter or the instability of the former. For this reason, I myself, more than all others, have done my utmost to show -- with every study I have made -- what I have

long believed. Namely, that not only the metals comprising money but every other worldly thing, barring none, has its natural value derived from certain, general, and invariant principles;[4-9] that neither whimsy, law, nor princes, nor anything else can violate these principles and their effects.[4-10] Finally, concerning value, the Scholastics have said: *passive se habent.*[4-11]

Any ediface built on these foundations will be durable and everlasting. I trust my readers will pardon any verbosity here, given the importance of the subject. It would be wrong to consider me responsible for so great a truth, should any be inclined to do so; the responsibility belongs instead to the infinite number of writers who have either failed to understand, or have not wished to demonstrate it.

Definition of value.

The value of things, in general, is defined by many as the esteem which men have for such things. Perhaps, these words do not evoke an idea which is as clear or as distinct as it might be.[2-1] One might say that *esteem or value, as conceived by an individual, is an idea of proportion between the possession of one thing and another.*[4-12] If we say that ten bushels[4-13] of grain are worth as much as a cask of wine, we are expressing a proportion of equality between possession of one thing and the other. It follows that because men are always most careful not to be defrauded of their own pleasures, one thing exchanges for another, and, consequently, equality involves neither loss nor fraud.

Differences in value are a consequence of such a definition.

It can be seen from what I have said that the value of things varies as men's ideas and needs vary. Since some things are more generally enjoyed and demanded than others, they have a value which is called current;[4-14] other things have a value only because of the desire of those who wish to have them and those who can provide them.

The ratios which two values include.

Value, then, is a ratio which is, in turn, composed of two other ratios expressed by the names *utility* and *scarcity*.[4-15] Allow me to explain my understanding of value with some examples, in order to avoid any confusion over words. Obviously, air and water, which are the most useful things for human life, have no value at all, because they are not scarce. A small bag of sand from the shores of Japan, on the other hand, would be a rare thing, but since it has no particular utility, it would also have no value.[2-2]

Some will wonder what great utility one would possibly find in many things which have very high prices. This is a natural and frequently asked question which makes men appear foolish and irrational. It also des-

Ferdinando Galiani (1728-1787)

sero. Perciò si potria dire che la stima o sia il valore « è una idea di proporzione tra il » possesso d'una cosa e quello d'un' altra » nel concetto d'un uomo. » Così quando si dice che dieci staja di grano vagliono quanto una botte di vino, si esprime una proporzione d'egualità fra l'aver l'una cosa o l'altra; ond' è che gli uomini, oculatissimi sempre a non essere de' proprj piaceri defraudati, l'una cosa con l'altra cambiano, perchè nella egualità non v' è perdita nè inganno.

Già da questo che ho detto si comprende ch' essendo varie le disposizioni degli animi umani e varj i bisogni, vario è il valor delle cose. Quindi è che altre essendo più generalmente gustate e ricercate hanno un valore che si chiama corrente, ed altre solo dal desiderio di chi le brama avere e di chi le dà si valutano.

Il valore adunque è una ragione; e questa composta da due ragioni che con cotesti nomi esprimo d'*utilità* e *rarità*. Quel ch' io m' intenda, acciocchè sulle voci non si disputi,

l'andrò con esempi dichiarando. Egli è evidente che l'aria e l'acqua, che sono elementi utilissimi all' umana vita, non hanno valore alcuno perchè manca loro la rarità; e per contrario un sacchetto d'arena de' lidi del Giappone rara cosa sarebbe, ma posto che non avesse utilità particolare non avrebbe valore.

Ferdinando Galiani (1728-1787)

have not wished to demonstrate it.

Definition of value.

The value of things, in general, is defined by many as the esteem which men have for such things. Perhaps, these words do not evoke an idea which is as clear or as distinct as it might be.[2-1] One might say that *esteem or value, as conceived by an individual, is an idea of proportion between the possession of one thing and another.*[4-12] If we say that ten bushels[4-13] of grain are worth as much as a cask of wine, we are expressing a proportion of equality between possession of one thing and the other. It follows that because men are always most careful not to be defrauded of their own pleasures, one thing exchanges for another, and, consequently, equality involves neither loss nor fraud.

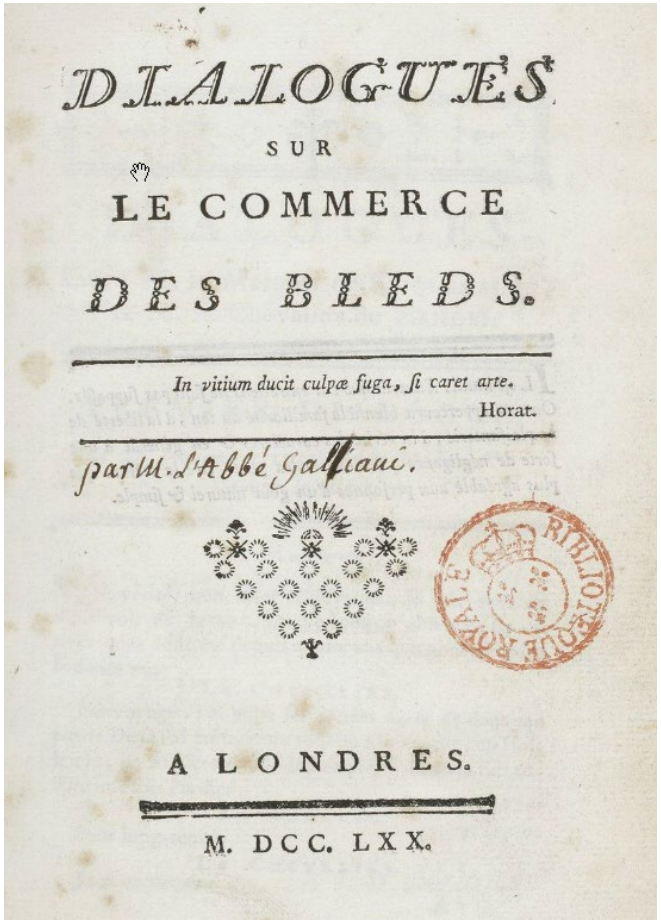
Differences in value are a consequence of such a definition.

It can be seen from what I have said that the value of things varies as men's ideas and needs vary. Since some things are more generally enjoyed and demanded than others, they have a value which is called current;[4-14] other things have a value only because of the desire of those who wish to have them and those who can provide them.

The ratios which two values include.

Value, then, is a ratio which is, in turn, composed of two other ratios expressed by the names *utility* and *scarcity*.[4-15] Allow me to explain my understanding of value with some examples, in order to avoid any confusion over words. Obviously, air and water, which are the most useful things for human life, have no value at all, because they are not scarce. A small bag of sand from the shores of Japan, on the other hand, would be a rare thing, but since it has no particular utility, it would also have no value.[2-2]

Ferdinando Galiani (1728-1787)



DIALOGUES

SUR

LE COMMERCE

DES BLEDS.

In vitium ducit culpæ fuga, si caret arte.
Horat.

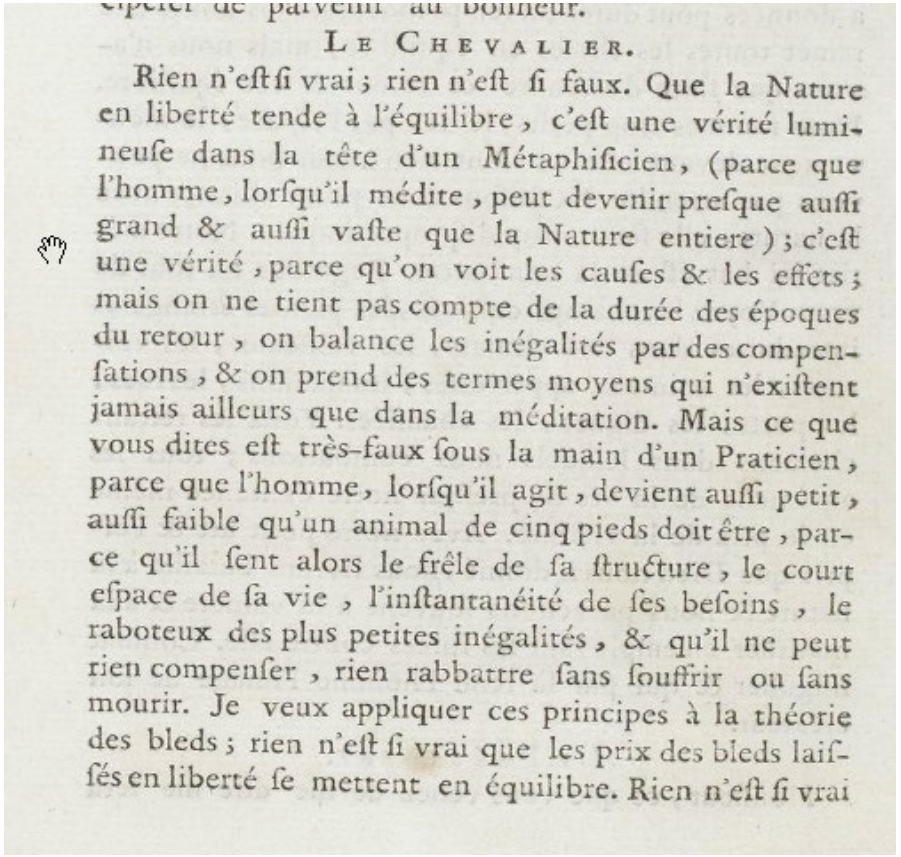
par M. l'Abbé Galiani.

BIBLIOTHEQUE ROYALE

A LONDRES.

M. DCC. LXX.

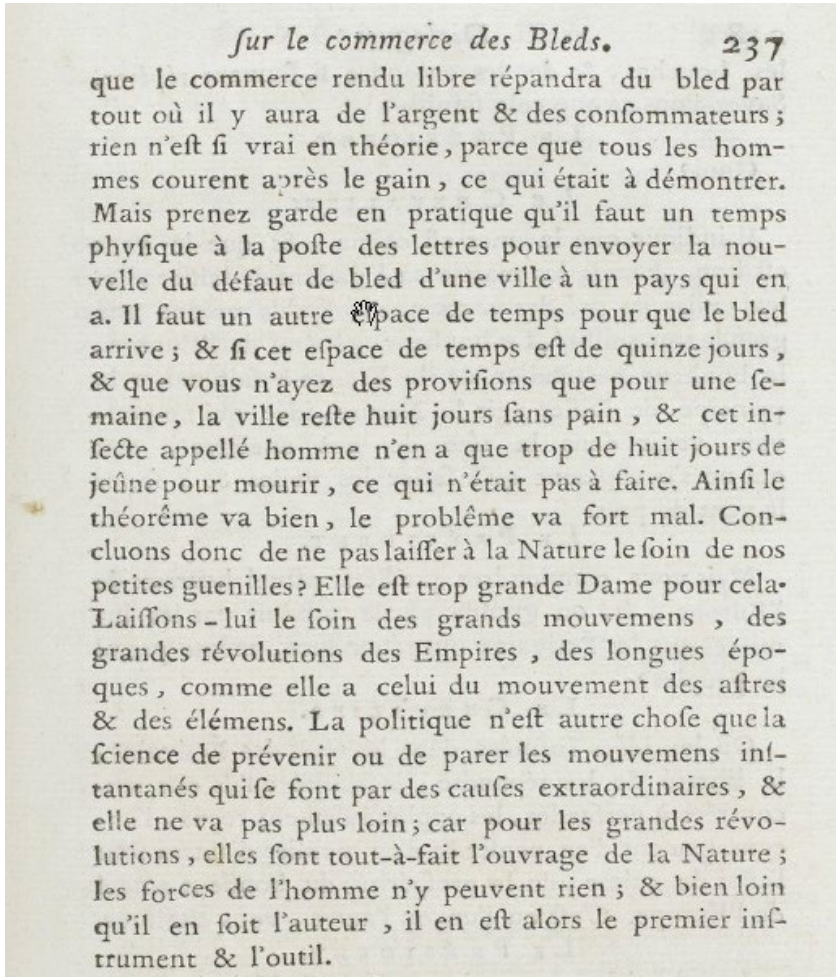
Ferdinando Galiani (1728-1787)



espérer de parvenir au bonheur.

LE CHEVALIER.

Rien n'eſt ſi vrai ; rien n'eſt ſi faux. Que la Nature en liberté tende à l'équilibre, c'eſt une vérité lumineuſe dans la tête d'un Métaphiſicien, (parce que l'homme, lorſqu'il médite, peut devenir preſque auſſi grand & auſſi vaſte que la Nature entiere) ; c'eſt une vérité, parce qu'on voit les cauſes & les effets ; mais on ne tient pas compte de la durée des époques du retour, on balance les inégalités par des compenſations, & on prend des termes moyens qui n'exiſtent jamais ailleurs que dans la méditation. Mais ce que vous dites eſt très-faux ſous la main d'un Praticien, parce que l'homme, lorſqu'il agit, devient auſſi petit, auſſi faible qu'un animal de cinq pieds doit être, parce qu'il ſent alors le frêle de ſa ſtructure, le court eſpace de ſa vie, l'inſtantanéité de ſes beſoins, le raboteux des plus petites inégalités, & qu'il ne peut rien compenſer, rien rabbattre ſans ſouffrir ou ſans mourir. Je veux appliquer ces principes à la théorie des bleds ; rien n'eſt ſi vrai que les prix des bleds laiſſés en liberté ſe mettent en équilibre. Rien n'eſt ſi vrai



ſur le commerce des Bleds. 237

que le commerce rendu libre répandra du bled par tout où il y aura de l'argent & des conſommateurs ; rien n'eſt ſi vrai en théorie, parce que tous les hommes courent après le gain, ce qui était à démontrer. Mais prenez garde en pratique qu'il faut un temps phyſique à la poſte des lettres pour envoyer la nouvelle du défaut de bled d'une ville à un pays qui en a. Il faut un autre eſpace de temps pour que le bled arrive ; & ſi cet eſpace de temps eſt de quinze jours, & que vous n'ayez des proviſions que pour une ſemaine, la ville reſte huit jours ſans pain, & cet inſecte appellé homme n'en a que trop de huit jours de jeûne pour mourir, ce qui n'était pas à faire. Ainſi le théorême va bien, le problême va fort mal. Concluons donc de ne pas laiſſer à la Nature le ſoin de nos petites guenilles ? Elle eſt trop grande Dame pour cela. Laiſſons-lui le ſoin des grands mouvemens, des grandes révolutions des Empires, des longues époques, comme elle a celui du mouvement des aſtres & des élémens. La politique n'eſt autre choſe que la ſcience de prévenir ou de parer les mouvemens inſtantanés qui ſe font par des cauſes extraordinaires, & elle ne va pas plus loin ; car pour les grandes révolutions, elles ſont tout-à-fait l'ouvrage de la Nature ; les forces de l'homme n'y peuvent rien ; & bien loin qu'il en ſoit l'auteur, il en eſt alors le premier inſtrument & l'outil.

François Arouet (Voltaire) (1694 – 1778)

L'HOMME
AUX
QUARANTE
ÉCUS.
1768.

Il parut pluſieurs édits de quelques perſonnes qui ſe trouvant de loiſer gouvernent l'etat au coin de leur feu. Le préambule de ces édits était que la puiſſance *légiſlatrice & exécutrice eſt née de droit divin co-proprietaire de ma terre*; & que je lui dois au moins la moitié de ce que je mange. L'enormité de l'eſtomac de la puiſſance légiſlatrice & éxécutrice me fit faire un grand ſigne de croix. Que ſerait-ce ſi cette puiſſance qui préſide à *l'ordre eſſentiel des ſociétés* avait ma terre en entier? l'un eſt encor plus divin que l'autre.

Monſieur le Controlleur Général ſait que je ne payais en tout que douze livres; que c'était un fardeau très-peſant pour moi, & que j'y aurais ſuccombé ſi Dieu ne m'avait donné le génie de faire des paniers d'ozier qui m'aidaient à ſuporter ma miſère. Comment donc pourai je tout d'un coup donner au roi vingt écus?

L'HOMME
AUX
QUARANTE
ÉCUS.

1768.

En ſortant de mon cachot, n'ayant que la peau ſur les os, je rencontrai un homme joufflu & vermeil dans un caroſſe à ſix chevaux; il avait ſix laquais & donnait à chacun d'eux pour gages le double de mon revenu. Son maître d'hôtel auſſi vermeil que lui, avait deux mille francs d'apointements, & lui en volait par an vingt mille. Sa maîtreſſe lui coutait quarante mille écus en ſix mois : je l'avais connu autrefois dans le temps qu'il était moins riche que moi : il m'avoua pour me conſoler qu'il jouïſſait de quatre cent mille livres de rente : vous en payez

 donc

L'HOMME
AUX
QUARANTE
ÉCUS.

1768.

donc deux cent mille à l'Etat, lui dis-je, pour ſoutenir la guerre avantageuſe que nous avons; car moi qui n'ai juſte que mes cent vingt livres il faut que j'en paye la moitié.

Moi! dit-il, que je contribue aux beſoins de l'Etat! Vous voulez rire, mon ami: j'ai hérité d'un oncle qui avait gagné huit millions à Cadix & à Surate; je n'ai pas un pouce de terre; tout mon bien eſt en contracts, en billets ſur la place; je ne dois rien à l'Etat; c'eſt à vous de donner la moitié de vôtre ſubſiſtance, vous qui êtes un Seigneur terrein. Ne voyez vous pas que ſi le Miniſtre des Finances exigeait de moi quelques ſecours pour la Patrie, il ſerait un imbécile qui ne ſaurait pas calculer; car tout vient de la terre: l'argent & les billets ne ſont que des gages d'échange, au lieu de mettre ſur une carte au Pharaon cent ſeptiers de bled, cent bœufs, mille moutons, & deux cent ſacs d'avoine, je joue des rouleaux d'or qui repréſentent ces denrées dégoutantes. Si après avoir mis *l'impôt unique* ſur ces denrées, on venait encore me demander de l'argent, ne voyez vous pas que ce ſerait un double emploi? que ce ſerait demander deux fois la même choſe? Mon oncle vendit à Cadix pour deux millions de vôtre bled, & pour deux millions d'étoffes fabriquées avec vôtre laine: il gagna plus de cent pour cent dans ces deux affaires.

AN

INQUIRY

INTO THE

Nature and Causes

OF THE

WEALTH OF NATIONS.

By ADAM SMITH, LL. D. and F. R. S.
Formerly Professor of Moral Philosophy in the University of Glasgow.

IN TWO VOLUMES.
VOL. I.

LONDON:
PRINTED FOR W. STRAHAN; AND T. CADELL, IN THE STRAND.
MDCCLXXVI.

...ove that of the country.

4 If the rod be bent too much one way, says the proverb, in order to make it straight you must bend it as much the other. The French philosophers, who have proposed the system which represents agriculture as the sole source of the revenue and wealth of every country, seem to have [4] adopted this proverbial maxim; and as in the plan of Mr. Colbert the industry of the towns was certainly over-valued in comparison with that of the country; so in their system it seems to be as certainly under-valued.

5 The different orders of people who have ever been supposed to contribute in any respect towards the annual produce of the land and labour of the country, they divide into three classes. The first is the class of the proprietors of land. The second is the class of the cultivators, of farmers and country labourers, whom they honour with the peculiar appellation of the productive class. The third is the class of artificers, manufacturers and merchants, whom they endeavour to degrade by the humiliating appellation of the barren or unproductive class.

End of Lecture

MPhil (Econ.) & MSc (Political Economy)

Dept. of Economics

National and Kapodistrian University of Athens

Lecture 5: Classical Political Economy
Adam Smith

Nicholas J. Theocharakis

Objectives of this lecture

- Explain the birth of classical political economy
- Show the influence of the Scottish Enlightenment on Adam Smith
- To analyze Adam Smith's theories through his works and in particular
  - The analysis of the division of labour
  - The labour theory of value
  - The invisible hand

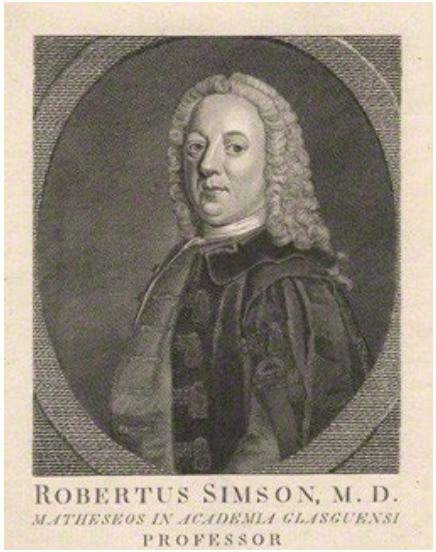
Contents

- Scottish Enlightenment
- Adam Smith
  - Biography
  - Works
    - *Theory of Moral Sentiments*
    - *The Wealth of Nations*
      - The analysis of the division of labour
      - The labour theory of value
      - The invisible hand
      - Non intended consequences

Scottish Enlightenment

Scottish Enlightenment

Gershom Carmichael (1672-1729) First professor of Moral Philosophy at the University of Glasgow



Robert Simson (1687 –1768) Professor of Mathematics at the University of Glasgow (Teacher of Adam Smith)

Francis Hutcheson (1694-1746) Professor of Moral Philosophy at the University of Glasgow (Teacher of Adam Smith)

Scottish Enlightenment

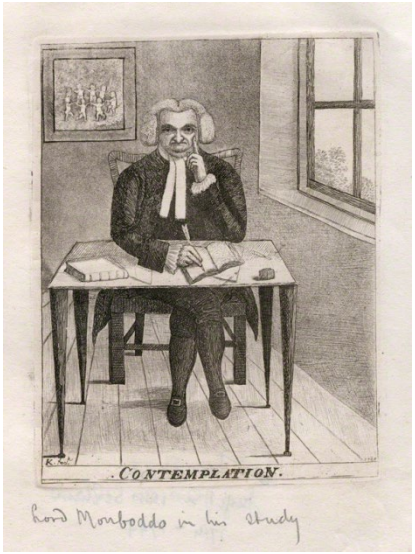
Henry Home, Lord Kames (1696-1782)
Philosopher, judge, central figure of the Scottish Enlightenment

Colin Maclaurin (1698-1746)
Professor of Mathematics University of Edinburgh

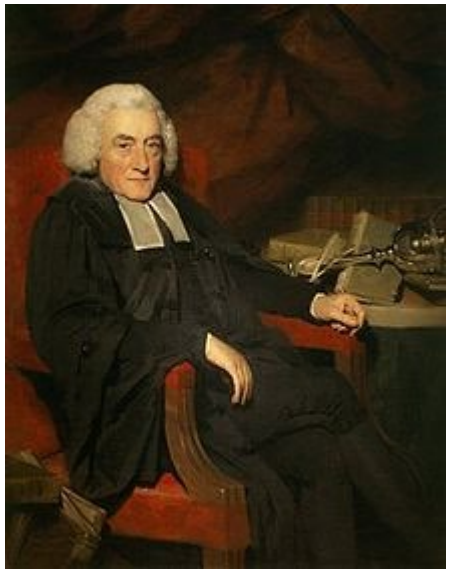
Thomas Reid (1710-1796)
Philosopher, succeeded Smith at Glasgow University

Scottish Enlightenment

David Hume
(1711 – 1776)



James Burnett,
Lord Monboddo
(1714 –1796)
Judge, linguist, philosopher



William Robertson
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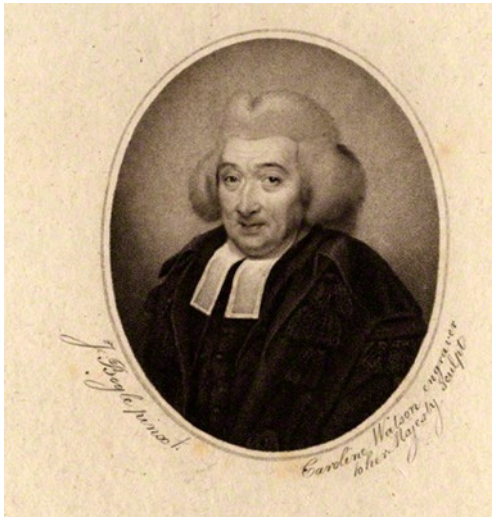
Historian,
Rector of the
University of Edinburgh

Scottish Enlightenment

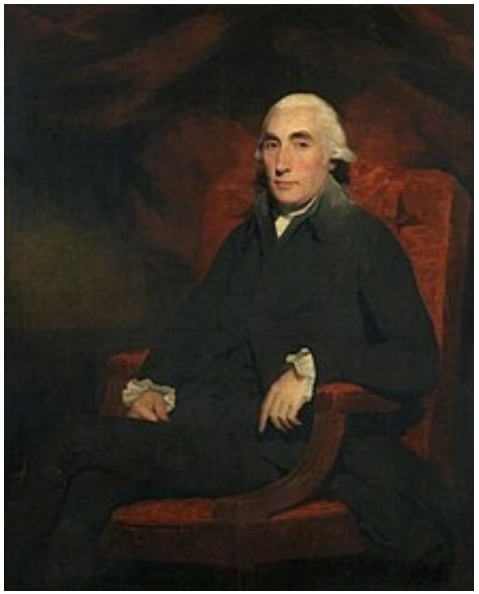


George Campbell
(1719 –1796)
Philosopher,
Professor of divinity

Adam Ferguson
(1723 – 1816)
Professor of Moral
Philosophy at the University
of Edinburgh

Adam Smith
(1723 –1790)

Scottish Enlightenment



Joseph Black (1728-1799)
Physicist and chemist (magnesium, latent heat, specific heat, and carbon dioxide). Professor of Anatomy and Chemistry at the University of Glasgow and Professor of Medicine and Chemistry at the University of Edinburgh

James Hutton
(1726-1797)
"The Father of Geology"
(Together with Black literary executors of Smith)

James Beattie
(1735-1803)
Professor of Moral Philosophy at Aberdeen

Scottish Enlightenment

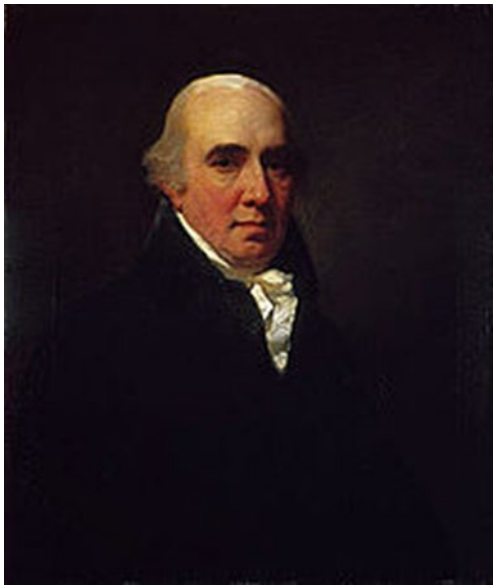
John Millar
(1735–1801) Philosopher, historian and Regius Professor of Civil Law at the University of Glasgow

James Watt
(1738-1819)
Inventor and engineer

James Anderson
(1739-1808)
Agronomist and economist
An Enquiry into the Nature of the Corn Laws, (1777)

Scottish Enlightenment

James Boswell
(1740-1795)
The Life of Samuel Johnson, LL.D. (1791)



Dugald Stewart
(1753 –1828)
Philosopher and mathematician
Biographer of Adam Smith
Succeeded Adam Ferguson

Robert Burns
(1759-1796)
National poet of Scotland

Scottish Enlightenment

Francis Hutcheson
(1694-1746)
Professor of Moral
Philosophy at the
University of Glasgow
(Teacher of Adam Smith)

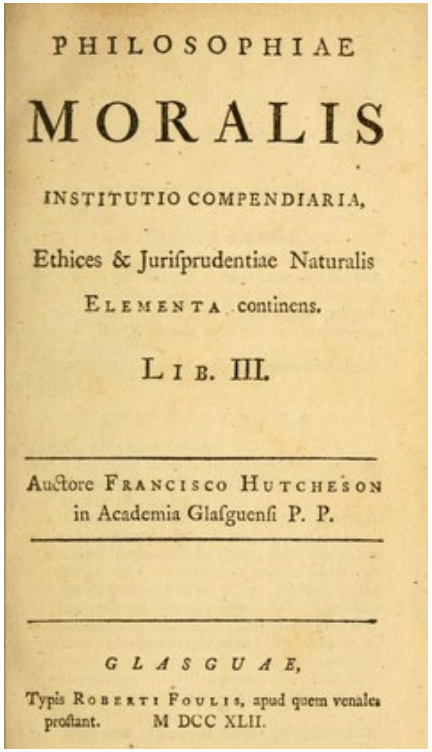
VIII. In comparing the *moral Qualitys* of Actions, in order to regulate our *Election* among various Actions propos'd, or to find which of them has the greateſt *moral Excellency*, we are led by *our moral Senſe* of *Virtue* to judge thus; that in *equal Degrees* of Happineſs, expected to proceed from the Action, the *Virtue* is in proportion to the *Number* of Perſons to whom the Happineſs ſhall extend: (and here the *Dignity*. Sect. 3. or *moral Importance* of Perſons, may compenſate Numbers) and in equal *Numbers*, the *Virtue* is as the *Quantity* of the Happineſs, or natural Good; or that the *Virtue* is in a *compound Ratio* of the *Quantity* of Good, and *Number* of Enjoyers. In the ſame manner, the *moral Evil*, or *Vice*, is as the Degree of Miſery, and *Number* of Sufferers; ſo that, *that Action* is *beſt*, which procures the *greateſt Happineſs* for the *greateſt Numbers*; and *that*, *worſt*, which, in *like manner*, occaſions *Miſery*.

Qualitys determining our Election.

INQUIRY
INTO THE
ORIGINAL of our IDEAS
OF
BEAUTY and *VIRTUE*;

(1726)

Scottish Enlightenment


PHILOSOPHIAE

MORALIS

INSTITUTIO COMPENDIARIA,

Ethices & Jurisprudentiae Naturalis

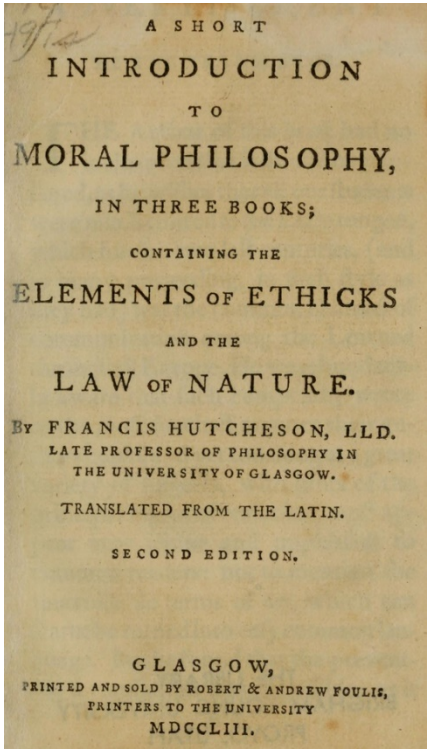
ELEMENTA continens.

LIB. III.

Auctore FRANCISCO HUTCHESON
in Academia Glasguensi P. P.

GLASGUAE,

Typis ROBERTI FOULIS, apud quem venales
prostant. M DCC XLII.


A SHORT

INTRODUCTION

TO

MORAL PHILOSOPHY,

IN THREE BOOKS;

CONTAINING THE

ELEMENTS OF ETHICKS

AND THE

LAW OF NATURE.

By FRANCIS HUTCHESON, LLD.
LATE PROFESSOR OF PHILOSOPHY IN
THE UNIVERSITY OF GLASGOW.

TRANSLATED FROM THE LATIN.

SECOND EDITION.

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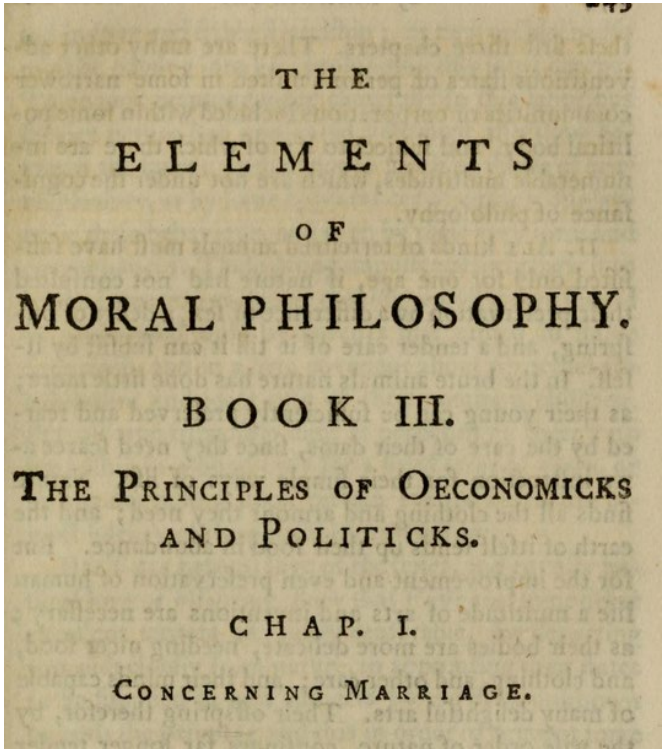

THE

ELEMENTS

OF

MORAL PHILOSOPHY.

BOOK III.

THE PRINCIPLES OF OECONOMICKS
AND POLITICKS.

CHAP. I.

CONCERNING MARRIAGE.

Benevolence drives human behaviour, and we achieve our best interest without seeking it

Influenced by Aristotle

Scottish Enlightenment

Adam Ferguson
(1723 – 1816)
Professor of Moral Philosophy at the University of Edinburgh

AN

ESSAY

ON THE

HISTORY

OF

CIVIL SOCIETY.

By ADAM FERGUSON, LL. D.

Professor of Moral Philosophy in the University of Edinburgh.

The SECOND EDITION, corrected.

LONDON:

Printed for A. Millar and T. Cadell, in the Strand; and A. Kincaid and J. Bell, Edinburgh.

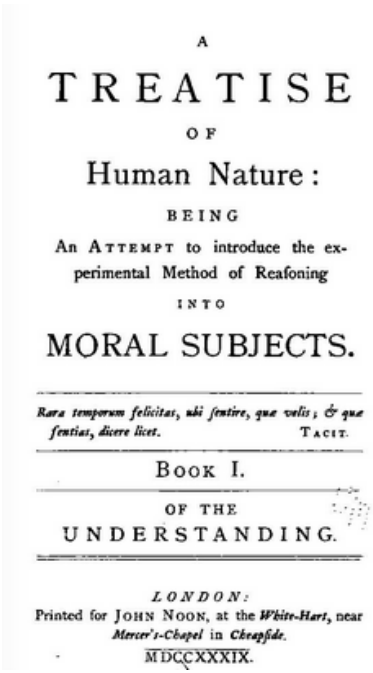
MDCCLXVIII.

Men, in general, are ſufficiently diſpoſed to occupy themſelves in forming projects and ſchemes: but he who would ſcheme and project for others, will find an opponent in every perſon who is diſpoſed to ſcheme for himſelf. Like the winds, that come we know not whence, and blow whitherſoever they liſt, the forms of ſociety are derived from an obſcure and diſtant origin; they ariſe, long before the date of philoſophy, from the inſtincts, not from the ſpeculations, of men. The croud of mankind, are directed in their eſtabliſhments and meaſures, by the circumſtances in which they are placed; and ſeldom are turned from their way, to follow the plan of any ſingle projector.

Every ſtep and every movement of the multitude, even in what are termed enlightened ages, are made with equal blindneſs to the future; and nations ſtumble upon eſtabliſhments, which are indeed the reſult of human action, but not the execution of any human deſign *. If Cromwell ſaid, That a man never mounts higher, than when he knows not whither he is going; it may with more reaſon be affirmed of communities, that they admit of the greateſt revolutions where no change is intended, and that the moſt refined politicians do not always know whither they are leading the ſtate by their projects.

Scottish Enlightenment

David Hume
(1711 – 1776)



A
TREATISE
OF
Human Nature:
BEING
An ATTEMPT to introduce the experimental Method of Reasoning
INTO
MORAL SUBJECTS.

Rara temporum felicitas, ubi sentire, quæ velis; & quæ sentias, dicere licet. TACIT.

BOOK I.
OF THE
UNDERSTANDING.

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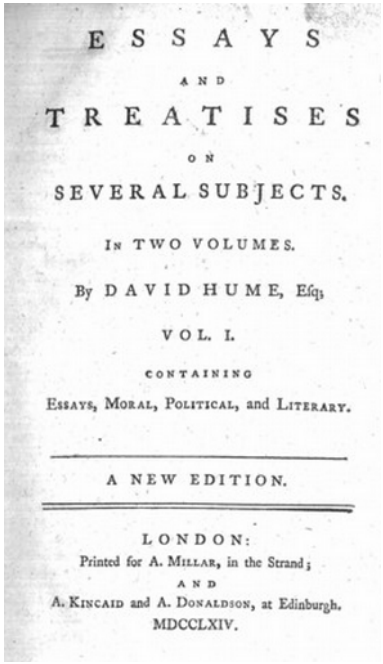

ESSAYS
AND
TREATISES
ON
SEVERAL SUBJECTS.
IN TWO VOLUMES.
By DAVID HUME, Esq;
VOL. I.
CONTAINING
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A NEW EDITION.

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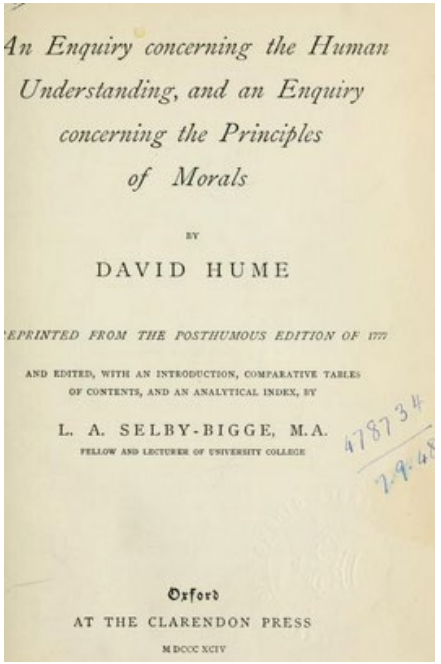
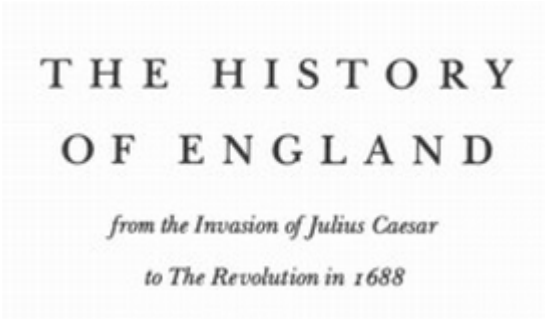


An Enquiry concerning the Human Understanding, and an Enquiry concerning the Principles of Morals

BY
DAVID HUME

REPRINTED FROM THE POSTHUMOUS EDITION OF 1777
AND EDITED, WITH AN INTRODUCTION, COMPARATIVE TABLES OF CONTENTS, AND AN ANALYTICAL INDEX, BY
L. A. SELBY-BIGGE, M.A.
FELLOW AND LECTURER OF UNIVERSITY COLLEGE

Oxford
AT THE CLARENDON PRESS
MDCCC XCIV



THE HISTORY
OF ENGLAND
from the Invasion of Julius Caesar
to The Revolution in 1688

Scottish Enlightenment

David Hume
(1711 – 1776)

A Treatise of Human Nature: *Being an Attempt to introduce the experimental Method of Reasoning into Moral Subjects*. (1739–40)
Essays Moral and Political (1741–2)
An Enquiry Concerning Human Understanding (1748
An Enquiry Concerning the Principles of Morals (1751)
Political Discourses (1752).
The History of England (1754–62)
The Natural History of Religion (1757)
"My Own Life" (1776) published by Adam Smith
Dialogues Concerning Natural Religion (1779)

Scottish Enlightenment

David Hume
(1711 – 1776)

POLITICAL

DISCOURSES.

By

DAVID HUME ESQ.

THE SECOND EDITION.

EDINBURGH,

Printed by R. FLEMING,

For A. KINCAID and A. DONALDSON.

M.DCC.LII.

CONTENTS.

DISCOURSE

I. *Of Commerce.*

II. *Of Luxury.*

III. *Of Money.*

IV. *Of Intereſt.*

V. *Of the Balance of Trade.*

VI. *Of the Balance of Power.*

VII. *Of Taxes.*

VIII. *Of Public Credit.*

IX. *Of ſome Remarkable Cuſtoms.*

X. *Of the Populouſneſs of Antient Nations.*

XI. *Of the Proteſtant Succeſſion.*

XII. *Idea of a perfect Commonwealth.*

Scottish Enlightenment

OF COMMERCE.

DISCOURSE I.

THE greatneſs of a ſtate and the happineſs of its ſubjects, however independent they may be ſuppos'd in ſome reſpects, are commonly allow'd to be inſeparable with regard to commerce; and as private men receive greater ſecurity, in the poſſeſſion of their trade and riches, from the power of the public, ſo the public becomes powerful in proportion to the riches and extenſive commerce of private men. This maxim is true in general; tho'

OF LUXURY.

verſing together, and contributing to each other's pleaſure and entertainment. Thus *induſtry*, *knowledge* and *humanity* are linkt together by an indiſſoluble chain, and are found, from experience as

DISCOURSE III.

Of Money.

MONEY is not, properly ſpeaking, one of the ſubjects of commerce; but only the inſtrument, which men have agreed upon to facilitate the exchange of one commodity for another. 'Tis none of the wheels of trade: 'Tis the oil, which renders the motion of the wheels more ſmooth and eaſy. If we conſider any one kingdom by itſelf, 'tis evident, that the greater or leſs plenty of money is of no conſequence; ſince the prices of commodities are always proportion'd to the plenty of money, and a crown in *Harry* the VII.'s time ſerv'd the ſame purpoſe as a pound does at preſent. 'Tis only the *public*, which draws

Scottish Enlightenment

OF INTEREST.

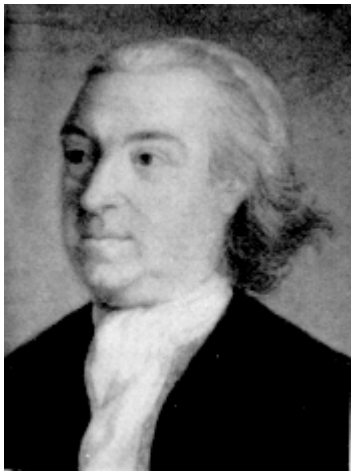
HIGH intereſt ariſes from *three* circumſtances: A great demand for borrowing; little riches to ſupply that demand; and great profits ariſing from commerce: And theſe circumſtances are a clear proof of the ſmall advance of commerce and induſtry, not of the ſcarcity of gold and ſilver. Low

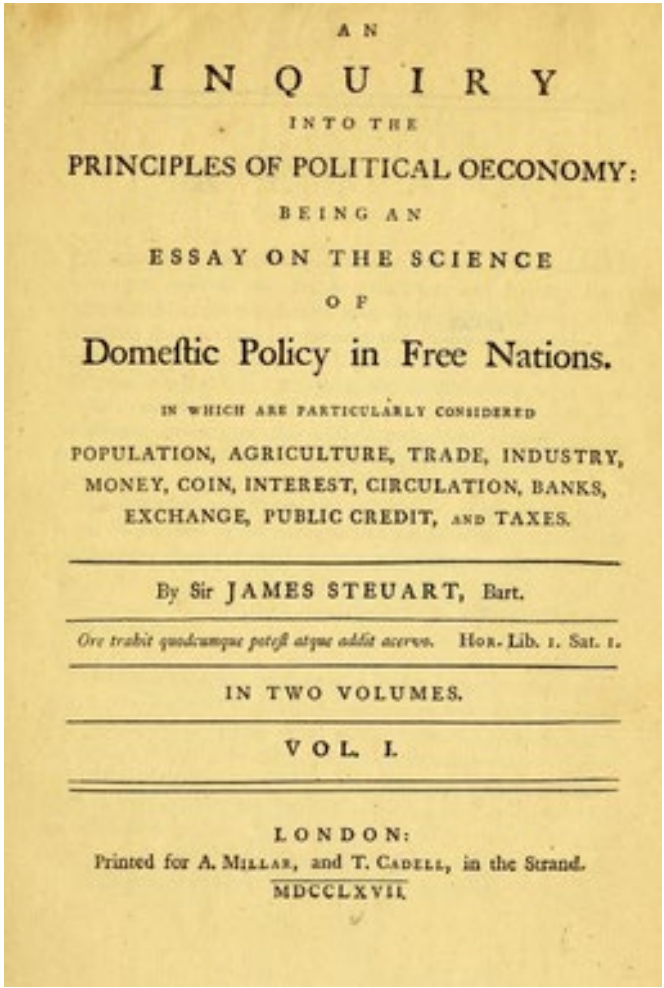
OF THE BALANCE OF TRADE.

SUPPOSE four fifths of all the money in *Britain* to be annihilated in one night, and the nation reduc'd to the ſame condition, in this particular, as in the reigns of the *Harrys* and *Edwards*; what would be the conſequence? Muſt not the price of all labour and commodities ſink in proportion, and every thing be ſold as cheap as they were in thoſe ages? What nation could then diſpute with us in any foreign market, or pretend to navigate or to wou'd afford ſufficient profit? In how little time, therefore, muſt this bring back the money, which we had loſt, and raiſe us to the level of all the neigbouring nations? Where, after we have ariv'd, we immediately loſe the advantage of the cheapneſs of labour and commodities; and the farther flowing in of money is ſtopt by our fulneſs and repletion.

Price–specie flow mechanism

Sir James Steuart (1713-1780)





AN

INQUIRY

INTO THE

PRINCIPLES OF POLITICAL OECONOMY:

BEING AN

ESSAY ON THE SCIENCE

OF

Domeſtic Policy in Free Nations.

IN WHICH ARE PARTICULARLY CONSIDERED

POPULATION, AGRICULTURE, TRADE, INDUSTRY, MONEY, COIN, INTEREST, CIRCULATION, BANKS, EXCHANGE, PUBLIC CREDIT, AND TAXES.

By Sir JAMES STEUART, Bart.

Ore trahit quodcumque poteſt atque addit acervo. Hor. Lib. 1. Sat. 1.

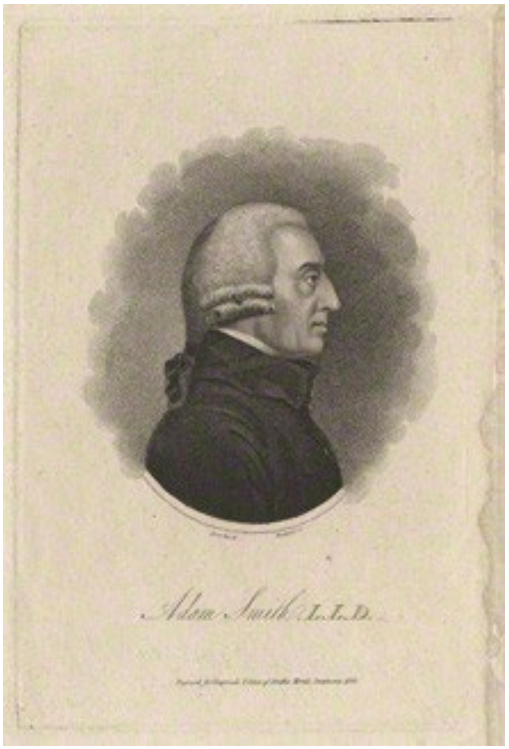
IN TWO VOLUMES.

VOL. I.

LONDON:
Printed for A. Millar, and T. Cadell, in the Strand.
MDCCLXVII.

- Last representative of mercantilism
- Active intervention of the state
- Correlation between population and food
- Protection of industry
- Role of demand in 'macroeconomic' equilibrium
- Supply and demand
- Profit upon alienation
- Demand for domestic luxury goods beneficial
- Labour and demand equilibrium
- There are no general rules

Adam Smith (1723-1790)

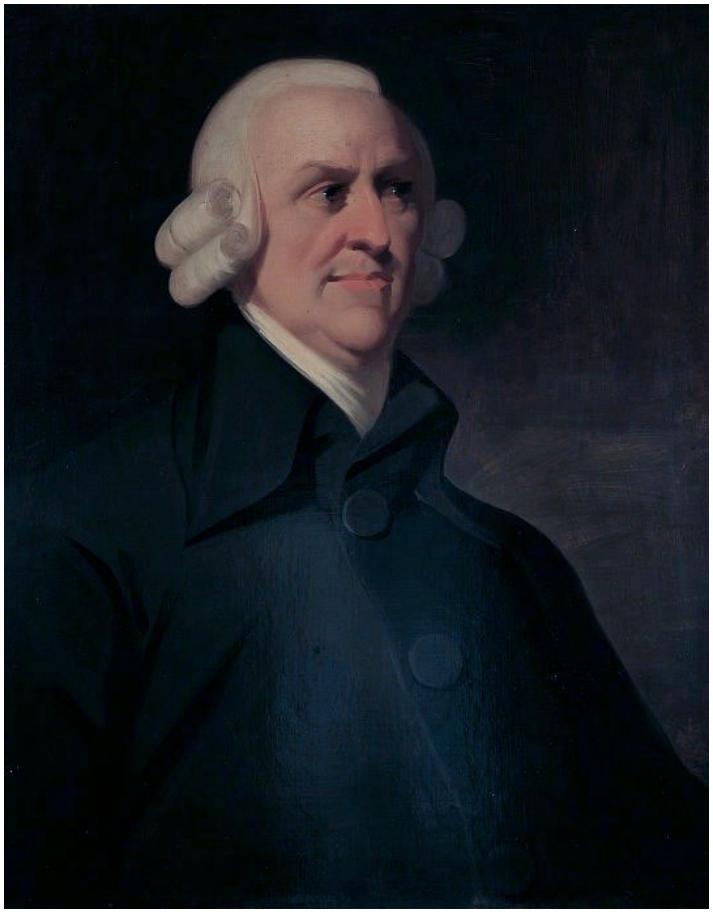


by Mackenzie, after James Tassie
stipple engraving, published 1809

by James Tassie
glass paste medallion, 1787

by John Kay
etching, 1790

Adam Smith (1723-1790)



The Muir portrait

Adam Smith (1723-1790)

Adam Smith (1723-1790)

A crowd gather to watch the unveiling of a 10ft bronze statue of Adam Smith at the Royal Mile on July 4, 2008, in Edinburgh, Scotland. The statue, created by Alexander Stoddart, was unveiled in the heart of Edinburgh where Smith worked and died.

Adam Smith (1723-1790)

Adam Smith (1723-1790)

- Biography

Born in Kirkcaldy,
County Fife, Scotland

- His father died when he was two months old, and he grew up with his mother.
- Studied at Glasgow University at the age of 14.
- 1740 Snell exhibitioner, Balliol College, Oxford.

Smith's mother
Margaret Douglas of Strathendry

Adam Smith (1723-1790)

Glasgow University

Balliol College, Oxford

Adam Smith (1723-1790)

- 1748 Public lectures at the University of Edinburgh “Rhetoric and belles-lettres”
- 1750 meets David Hume
- 1751 Professor of Logic at the University of Glasgow
- 1752 Member of the Philosophical Society of Edinburgh and Professor of Moral Philosophy at the University of Glasgow
- 1759 Publishes *The Theory of Moral Sentiments*
- 1762 Awarded Doctor of Laws (LL.D.)
- 1763 Leaves university to accompany Henry Scott, Duke of Buccleuch [stepson of Charles Townshend] on the Grand Tour
- Toulouse [*WoN*]-Geneva [Voltaire]-Paris [Benjamin Franklin, Jacques Turgot, Jean D'Alembert, André Morellet, Helvétius, François Quesnay]
- 1766 Henry Scott's young brother dies in Paris, and they return to Scotland.

Adam Smith (1723-1790)

- Professors of Moral Philosophy [Glasgow]
  - Gershom Carmichael MA (1727)
  - Francis Hutcheson MA LLD (1730)
  - Thomas Craigie MA (1746)
  - Adam Smith MA LLD (1752)
  - Thomas Reid MA DD (1764)

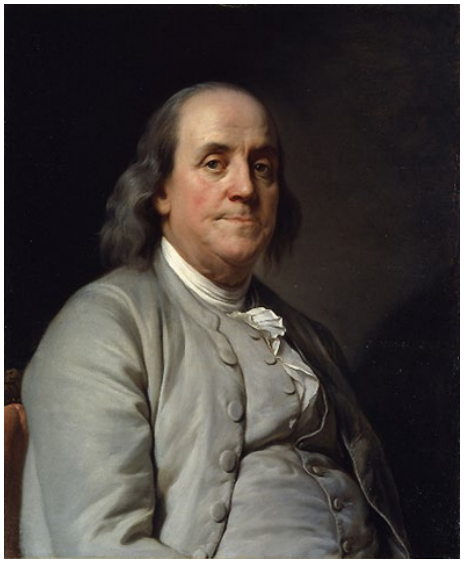
Adam Smith (1723-1790)

Charles Townshend (1725 –1767)

Thomas Gainsborough: Henry Scott (1746-1812), 3rd Duke of Buccleuch

Voltaire (1694-1778)

Adam Smith (1723-1790)



Benjamin Franklin
(1706 - 1790)

Jean Le Rond d'Alembert
(1717-1783)

André Morellet
(1727 –1819)

Adam Smith (1723-1790)

Claude Adrien Helvétius
(1715–1771)

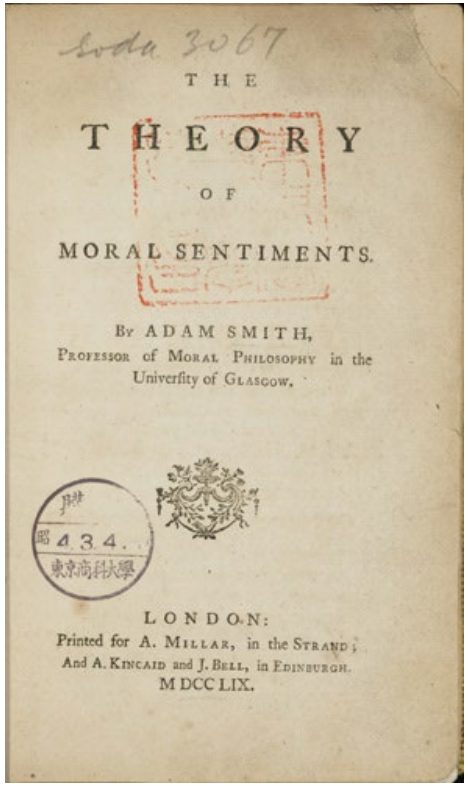
Jacques Turgot
(1727-1781)

François Quesnay
(1694–1774)

Adam Smith (1723-1790)

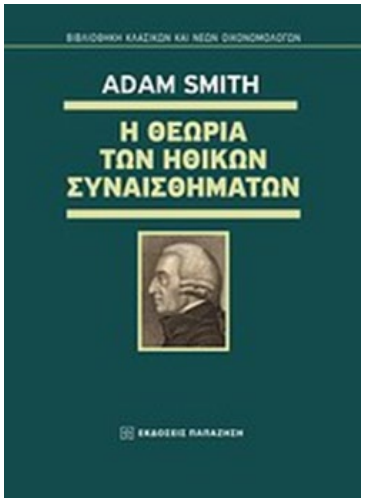
- 1766 Returns to Kirkcaldy and devotes the next ten years to writing the Wealth of Nations
- 1773 Fellow of the Royal Society of London
- 1776 Publishes *An Inquiry into the Nature and Causes of the Wealth of Nations*
- 1778 Appointed Commissioner of Customs in Scotland and lives with his mother in Edinburgh
- 1787-9 Lord Rector of the University of Glasgow
- 1790 Dies in Edinburgh

Adam Smith (1723-1790)



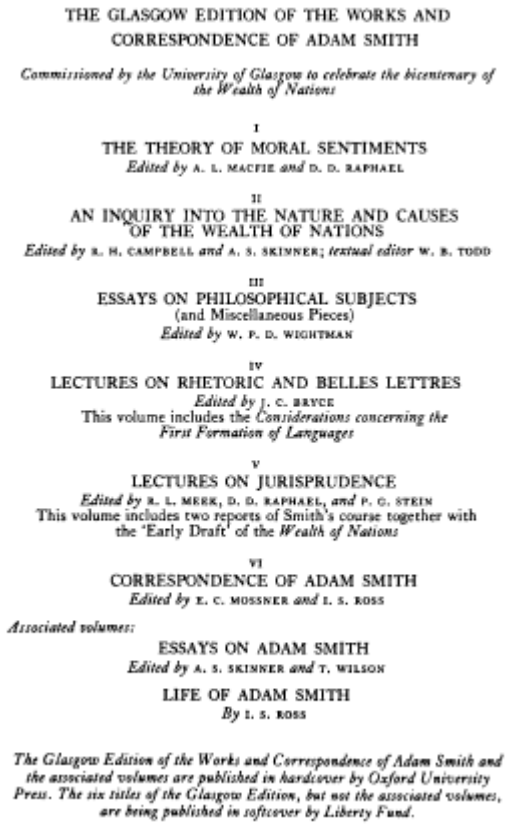
The Theory of Moral Sentiments
1759

The Theory of Moral Sentiments was published in 1759 when Smith was a professor in Glasgow. A second revised edition was published in 1761. Three other editions with minor changes appeared in 1767, 1774 and 1781. A significantly revised edition was published shortly before Smith's death in 1790.



Adam Smith, *Η θεωρία των ηθικών συναισθημάτων*, μετάφραση-επιμέλεια: Διονύσης Γ. Δρόσος, επιμέλεια σειράς: Μιχάλης Ψαλιδόπουλος, Εκδόσεις Παπαζήση, 2012

Adam Smith (1723-1790)



THE GLASGOW EDITION OF THE WORKS AND CORRESPONDENCE OF ADAM SMITH

Commissioned by the University of Glasgow to celebrate the bicentenary of the Wealth of Nations

I
THE THEORY OF MORAL SENTIMENTS
Edited by A. L. MACFIE *and* D. D. RAPHAEL

II
AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS
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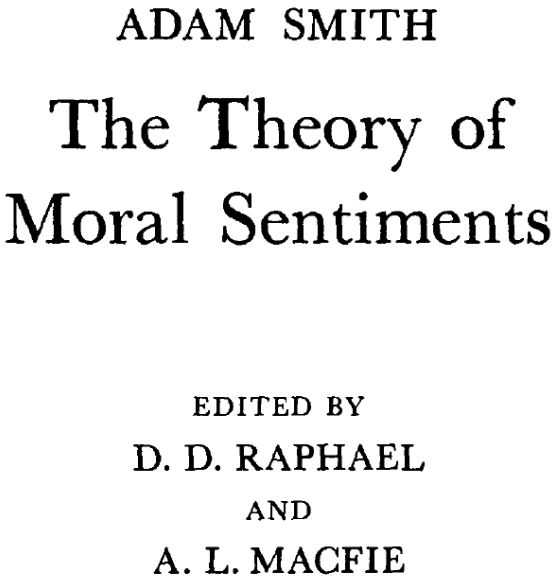
LIFE OF ADAM SMITH
By I. S. ROSS

The Glasgow Edition of the Works and Correspondence of Adam Smith and the associated volumes are published in hardcover by Oxford University Press. The six titles of the Glasgow Edition, but not the associated volumes, are being published in softcover by Liberty Fund.

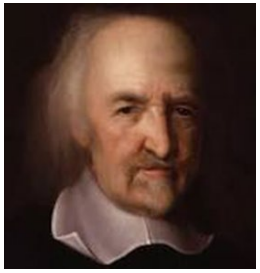


ADAM SMITH

The Theory of Moral Sentiments

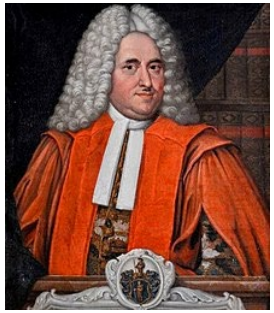
EDITED BY
D. D. RAPHAEL
AND
A. L. MACFIE

Adam Smith (1723-1790)



Sociability

- Hugo Grotius
- Thomas Hobbes
- Samuel Pufendorf
- Gershom Carmichael
- Francis Hutchison
- Christian Thomasius
- John Locke



PART I

Of the Propriety of Action
Consisting of Three Sections

SECTION I

Of the Sense of Propriety

CHAP. I

Of Sympathy

1 How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it. Of this kind is pity or compassion, the emotion which we feel for the misery of others, when we either see it, or are made to conceive it in a very lively manner. That we often derive sorrow from the sorrow of others, is a matter of fact too obvious to require any instances to prove it; for this sentiment, like all the other original passions of human nature, is by no means confined to the virtuous and humane, though they perhaps may feel it with the most exquisite sensibility. The greatest ruffian, the most hardened violator of the laws of society, is not altogether without it.

2 As we have no immediate experience of what other men feel, we can form no idea of the manner in which they are affected, but by conceiving what we ourselves should feel in the like situation. Though our brother is upon the rack, as long as we ourselves are at our ease, our senses will never inform us of what he suffers. They never did, and never can, carry us beyond our own person, and it is by the imagination only that we can form any conception of what are his sensations. Neither can that faculty help us to this any other way, than by representing to us what would be our own, if we were in his case. It is the impressions of our own senses only, not those of his, which our imaginations copy. By the imagination we place ourselves in his situation, we conceive ourselves enduring all the same torments, we enter as it were into his body, and become in some measure the same person with him, and thence form some idea of his sensations, and even feel something which, though weaker in degree, is not altogether unlike them. His agonies, when they are thus brought home to ourselves, when we have thus adopted and made them our own, begin at last to affect us, and we then tremble and shudder at the thought of what he feels. For as to be in pain or distress of any kind excites the most excessive sorrow, so to conceive or to imagine that we are in it, excites some degree of the same emotion, in proportion to the vivacity or dulness of the conception.

Sympathy

5 Pity and compassion are words appropriated to signify our fellow-feeling with the sorrow of others. Sympathy, though its meaning was, perhaps, originally the same, may now, however, without much impropriety, be made use of to denote our fellow-feeling with any passion whatever.[1]

Sympathy

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even to prevent our own ruin. We must, here, as in all other cases, view ourselves not so much according to that light in which we may naturally appear to ourselves, as according to that in which we naturally appear to others. Though every man may, according to the proverb, be the whole world to himself, to the rest of mankind he is a most insignificant part of it. Though his own happiness may be of more importance to him than that of all the world besides, to every other person it is of no more consequence than that of any other man. Though it may be true, therefore, that every individual, in his own breast, naturally prefers himself to all mankind, yet he dares not look mankind in the face, and avow that he acts according to this principle. He feels that in this preference they can never go along with him, and that how natural soever it may be to him, it must always appear excessive and extravagant to them. When he views himself in the light in which he is conscious that others will view him, he sees that to them he is but one of the multitude in no respect better than any other in it. If he would act so as that the impartial spectator may enter into the principles of his conduct, which is what of all things he has the greatest desire to do, he must, upon this, as upon all other occasions, humble the arrogance of his self-love, and bring it down to something which other men can go along with. They will indulge it so far as to allow him to be more anxious about, and to pursue with more earnest assiduity, his own happiness than that of any other person. Thus far, whenever they place themselves in his situation, they will readily go along with him. In the race for wealth, and honours, and preferments, he may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should justle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of. This man is to them, in every respect, as good as he: they do not enter into that self-love by which he prefers himself so much to this other, and cannot go along with the motive from which he hurt him. They readily, therefore, sympathize with the natural resentment of the injured, and the offender becomes the object of their hatred and indignation. He is sensible that he becomes so, and feels that those sentiments are ready to burst out from all sides against him.

impartial spectator

CHAP. III

Of the utility of this constitution of Nature

1 It is thus that man, who can subsist only in society, was fitted by nature to that situation for which he was made. All the members of human society stand in need of each others assistance, and are likewise exposed to mutual injuries. Where the necessary assistance is reciprocally afforded from love, from gratitude, from friendship, and esteem, the society flourishes and is happy. All the different members of it are bound together by the agreeable bands of love and affection, and are, as it were, drawn to one common centre of mutual good offices.

2 But though the necessary assistance should not be afforded from such

generous and disinterested motives, though among the different members of the society there should be no mutual love and affection, the society, though less happy and agreeable, will not necessarily be dissolved. Society may subsist among different men, as among different merchants, from a sense of its utility, without any mutual love or affection; and though no man in it should owe any obligation, or be bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation.

3 Society, however, cannot subsist among those who are at all times ready to hurt and injure one another. The moment that injury begins, the moment that mutual resentment and animosity take place, all the bands of it are broke asunder, and the different members of which it consisted are, as it were, dissipated and scattered abroad by the violence and opposition of their discordant affections. If there is any society among robbers and murderers, they must at least, according to the trite observation, abstain from robbing and murdering one another. Beneficence, therefore, is less essential to the existence of society than justice. Society may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it.

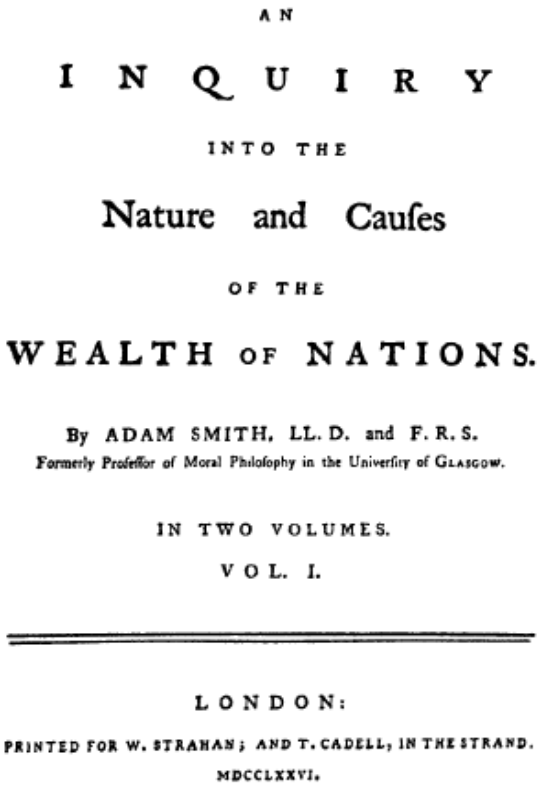
4 Though Nature, therefore, exhorts mankind to acts of beneficence, by the pleasing consciousness of deserved reward, she has not thought it necessary to guard and enforce the practice of it by the terrors of merited punishment in case it should be neglected. It is the ornament which embellishes, not the foundation which supports the building, and which it was, therefore, sufficient to recommend, but by no means necessary to impose. Justice, on the contrary, is the main pillar that upholds the whole edifice.

Adam Smith (1723-1790)

Das Adam Smith Problem

Is there a difference between the *Theory of Moral Sentiments* and the *Wealth of Nations?*

Adam Smith (1723-1790)



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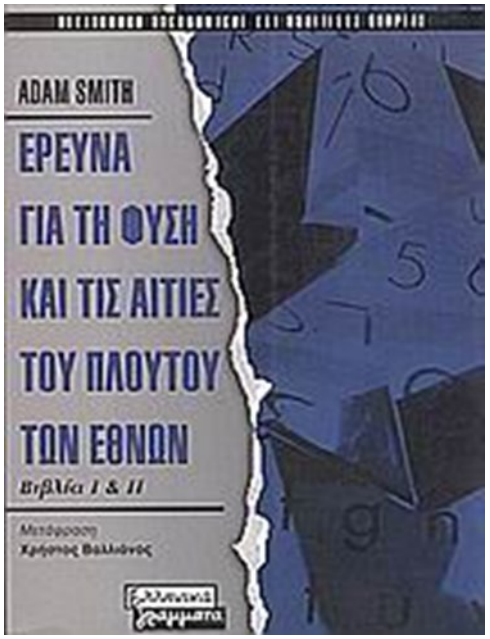
Adam Smith (1723-1790)

Δημήτριος Καλιτσουνάκης
Εστία, 1948

Δημήτριος Καλιτσουνάκης
(δημοτική)
Παπαζήση, 1999
Ευρωεκδοτική, 1991



Μετάφραση: Χρήστος Βαλλιάνος
επιμέλεια: Γιάννης Μηλιός
Ελληνικά Γράμματα, 2000

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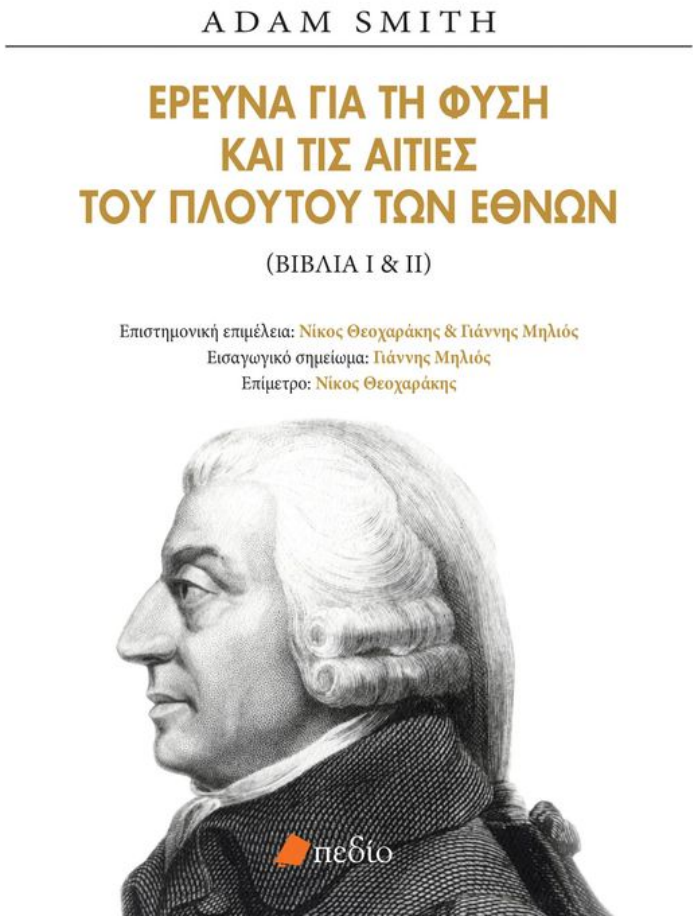
Adam Smith (1723-1790)



2018

Adam Smith (1723-1790)

Adam Smith, «Περί της διαφορετικής πορείας εξέλιξης της ολβιότητας σε διαφορετικά έθνη» (Βιβλίο III), στο Ηλίας Γεωργαντάς & Θανάσης Γκιούρας (επιμ.) *Χώρος, πόλη και εξουσία στη νεωτερικότητα*, Ίδρυμα Σάκη Καράγιωργα, Σαββάλας, Αθήνα, 2010

Adam Smith (1723-1790)

Introduction and Plan of the Work

BOOK I

Of the Causes of Improvement in the productive Powers of Labour, and of the Order according to which its Produce is naturally distributed among the different Ranks of the People

BOOK II

Of the Nature, Accumulation, and Employment of Stock

BOOK III

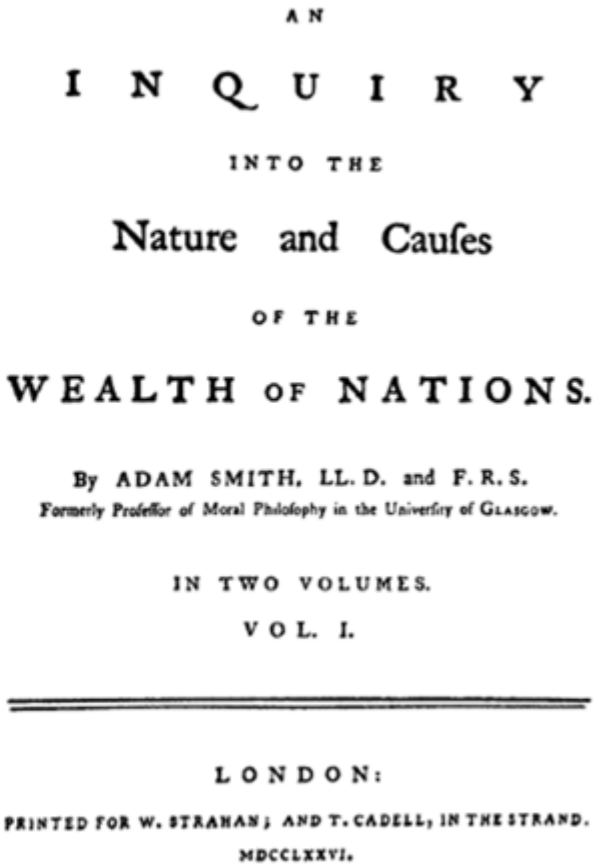
Of the different Progress of Opulence in different Nations

BOOK IV

Of Systems of political Oeconomy

BOOK V

Of the Revenue of the Sovereign or Commonwealth



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MDCCLXXVI.

1 THE annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes, and which consist always, either in the immediate produce of that labour, or in what is purchased with that produce from other nations.

2 According therefore, as this produce, or what is purchased with it, bears a greater or smaller proportion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessaries and conveniences for which it has occasion.

3 But this proportion must in every nation be regulated by two different circumstances; first, by the skill, dexterity, and judgment with which [2] [a]its[a] labour is generally applied [b]; and, secondly, by the proportion between the number of those who are employed in useful labour, and that of those who are not so employed. Whatever be the soil, climate, or extent of territory of any particular nation, the abundance or scantiness of its annual supply must, in that particular situation, depend upon those two circumstances.

4 The abundance or scantiness of this supply too seems to depend more upon the former of those two circumstances than upon the latter. Among the savage nations of hunters and fishers, every individual who is able to work, is more or less employed in useful labour, and endeavours to provide, as well as he can, the necessaries and conveniencies of life, for himself, [c]or[c] such of his family or tribe as are either too old, or too young, or too infirm to go a hunting and fishing. Such nations, however, are so miserably poor, that, from mere want, they are frequently reduced, or, at least, think themselves reduced, to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be devoured by wild beasts. Among civilized and thriving nations, on the contrary, though a great number of people do not labour at all, many of whom consume the produce of ten times, frequently of a hundred times more labour than the greater part of those who work; yet the produce of the whole labour of the society is so great, that all are often abundantly supplied, and a workman, even of the [3] lowest and poorest order, if he is frugal and industrious, may enjoy a greater share of the necessaries and conveniences of life than it is possible for any savage to acquire.

5 The causes of this improvement, in the productive powers of labour, and the order, according to which its produce is naturally distributed among the different ranks and conditions of men in the society, make the subject of the First Book of this Inquiry.

6 Whatever be the actual state of the skill, dexterity, and judgment with which labour is applied in any nation, the abundance or scantiness of its annual supply must depend, during the continuance of that state, upon the proportion between the number of those who are annually employed in useful labour, and that of those who are not so employed. The number of useful and productive labourers, it will hereafter appear, is every where in proportion to the quantity of capital stock which is employed in setting them to work, and to the particular way in which it is so employed. The Second Book, therefore, treats of the nature of capital stock, of the manner in which it is gradually accumulated, and of the different quantities of labour which it puts into motion, according to the different ways in which it is employed.

7 Nations tolerably well advanced as to skill, dexterity, and judgment, in the application of labour, have followed very different plans in the general conduct or direction of it; and those plans have not all been equally favourable to the [4] greatness of its produce. The policy of some nations has given extraordinary encouragement to the industry of the country; that of others to the industry of towns. Scarce any nation has dealt equally and impartially with every sort of industry. Since the downfal of the Roman empire, the policy of Europe has been more favourable to arts, manufactures, and commerce, the industry of towns; than to agriculture, the industry of the country. The circumstances which seem to have introduced and established this policy are explained in the Third Book.

8 Though those different plans were, perhaps, first introduced by the private interests and prejudices of particular orders of men, without any regard to, or foresight of, their consequences upon the general welfare of the society; yet they have given occasion to very different theories of political œconomy; of which some magnify the importance of that industry which is carried on in towns, others of that which is carried on in the country. Those theories have had a considerable influence, not only upon the opinions of men of learning, but upon the public conduct of princes and sovereign states. I have endeavoured, in the Fourth Book, to explain, as fully and distinctly as I can, those different theories, and the principal effects which they have produced in different ages and nations.

9 [d]To explain[d] in what has consisted the revenue of the great body of the people, or what [e]has been[e] the nature of those funds which, in different ages and nations, have supplied their annual consump-[5]tion, is [f]the object of[f] these Four first Books. The Fifth and last Book treats of

the revenue of the sovereign, or commonwealth. In this Book I have endeavoured to show; first, what are the necessary expences of the sovereign, or commonwealth; which of those expences ought to be defrayed by the general contribution of the whole society; and which of them, by that of some particular part only, or of some particular members of ᵍitᵍ; secondly, what are the different methods in which the whole society may be made to contribute towards defraying the expences incumbent on the whole society, and what are the principal advantages and inconveniencies of each of those methods: and, thirdly and lastly, what are the reasons and causes which have induced almost all modern governments to mortgage some part of this revenue, or to contract debts, and what have been the effects of those debts upon the real wealth, the annual produce of the land and labour of the society.

$$Y = \pi L$$
$$Y/N = \pi\, L/N$$

Y = National income
π = Productivity of labour
L = Labour
N = Population

Of the Causes of Improvement in the productive Powers of Labour, and of the Order according to which its Produce is naturally distributed among the different Ranks of the People

CHAPTER I

Of the Division of Labour

1 THE greatest [a]improvement[a] in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is any where directed, or applied, seem to have been the effects of the division of labour.[1]

2 The effects of the division of labour, in the general business of society, will be more easily understood, by considering in what manner it operates in some particular manufactures. It is commonly supposed to be carried furthest in some very trifling ones; not perhaps that it really is carried further in them than in others of more importance: but in those trifling manufactures which are destined to supply the small wants of but a small number of people, the whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same [7] workhouse, and placed at once under the view of the spectator. In those great manufactures, on the contrary, which are destined to supply the great wants of the great body of the people, every different branch of the work employs so great a number of workmen, that it is impossible to collect them all into the same workhouse. We can seldom see more, at one time, than those employed in one single branch. Though [b]in such manufactures,[b] therefore, the work may really be divided into a much greater number of parts, than in those of a more trifling nature, the division is not near so obvious, and has accordingly been much less observed

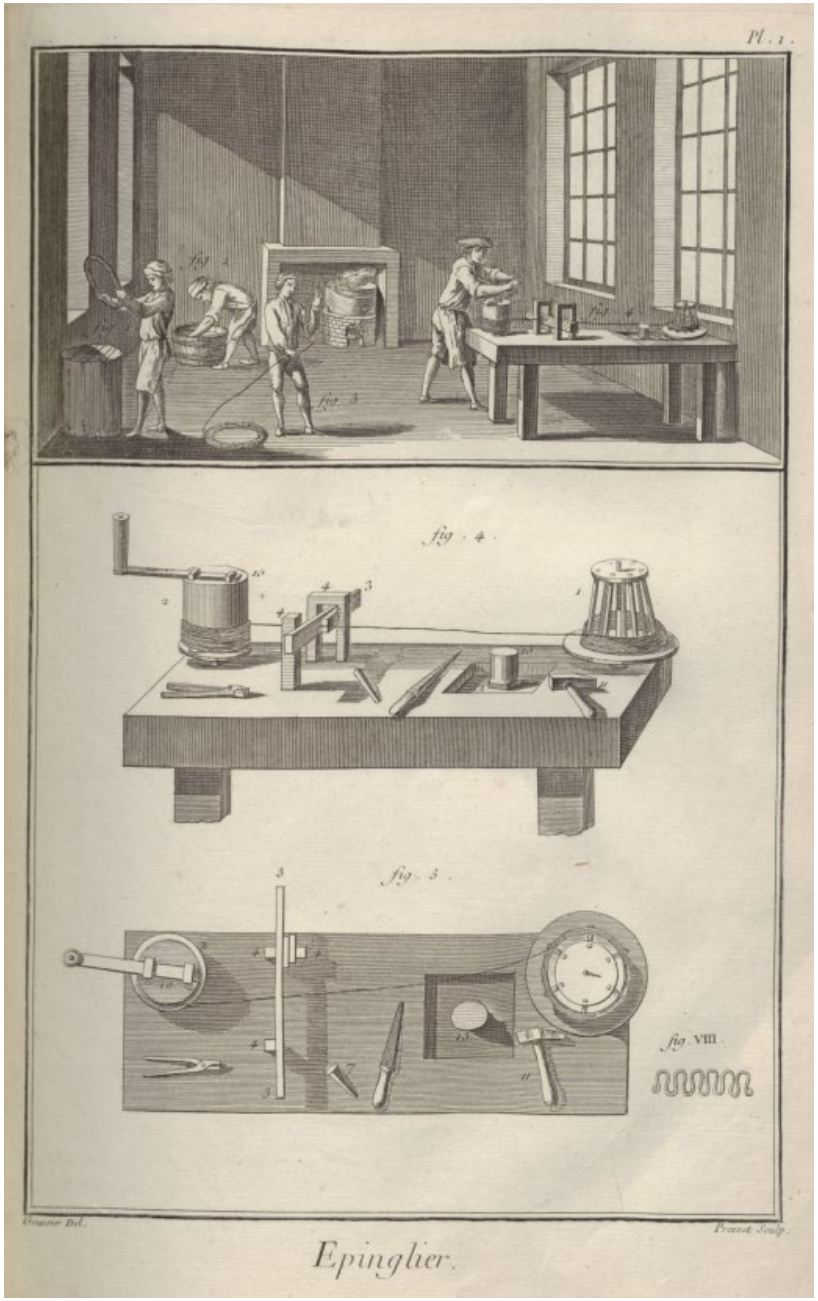
3 To take an example, therefore, from a very trifling manufacture; but one in which the division of labour has been very often taken notice of, the trade of the pin-maker; a workman not educated to this business (which the division of labour has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labour has probably given occasion), could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty.[2] But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar

trades. One man draws out the wire, another straights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires [8] two or three distinct operations; to put it on, is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations,[3] which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day.[4] There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth part of what they are at present capable of performing, in consequence of [9] a proper division and combination of their different operations.

Smith explains the division of labour using the example of a factory that manufactures pins. In this factory, manufacturing is subdivided into 18 separate processes, thus increasing the productivity of labour.

10 persons = 4800 pins
1 person = 20 pins
X 240 increase in productivity

Pictures of a craft shop making pins in the time of Adam Smith. From Diderot's *Encyclopédie*, under the entry "Épinglier" (pin maker). Some claim that Smith inspired the example of the pins from the *Encyclopédie*.



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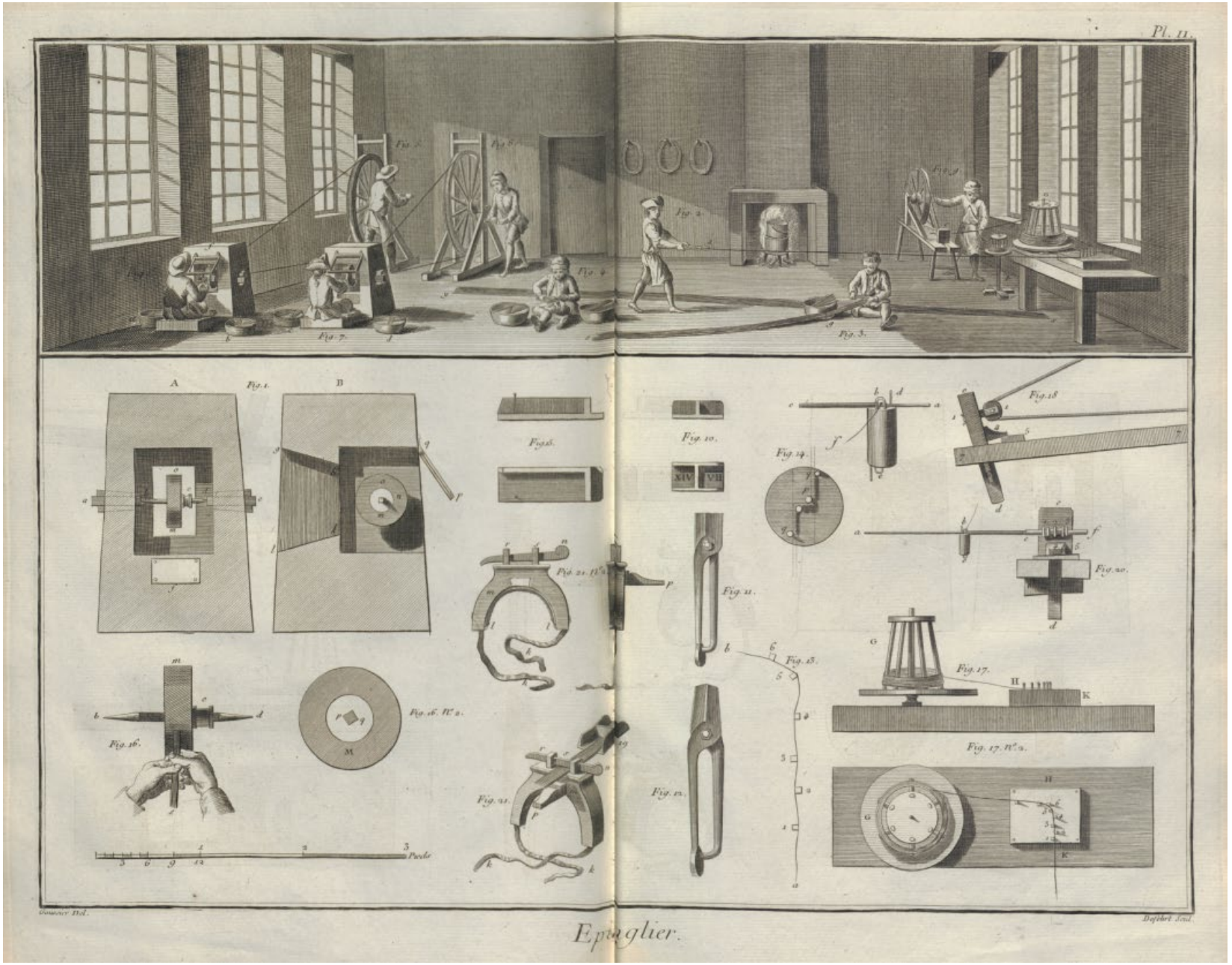
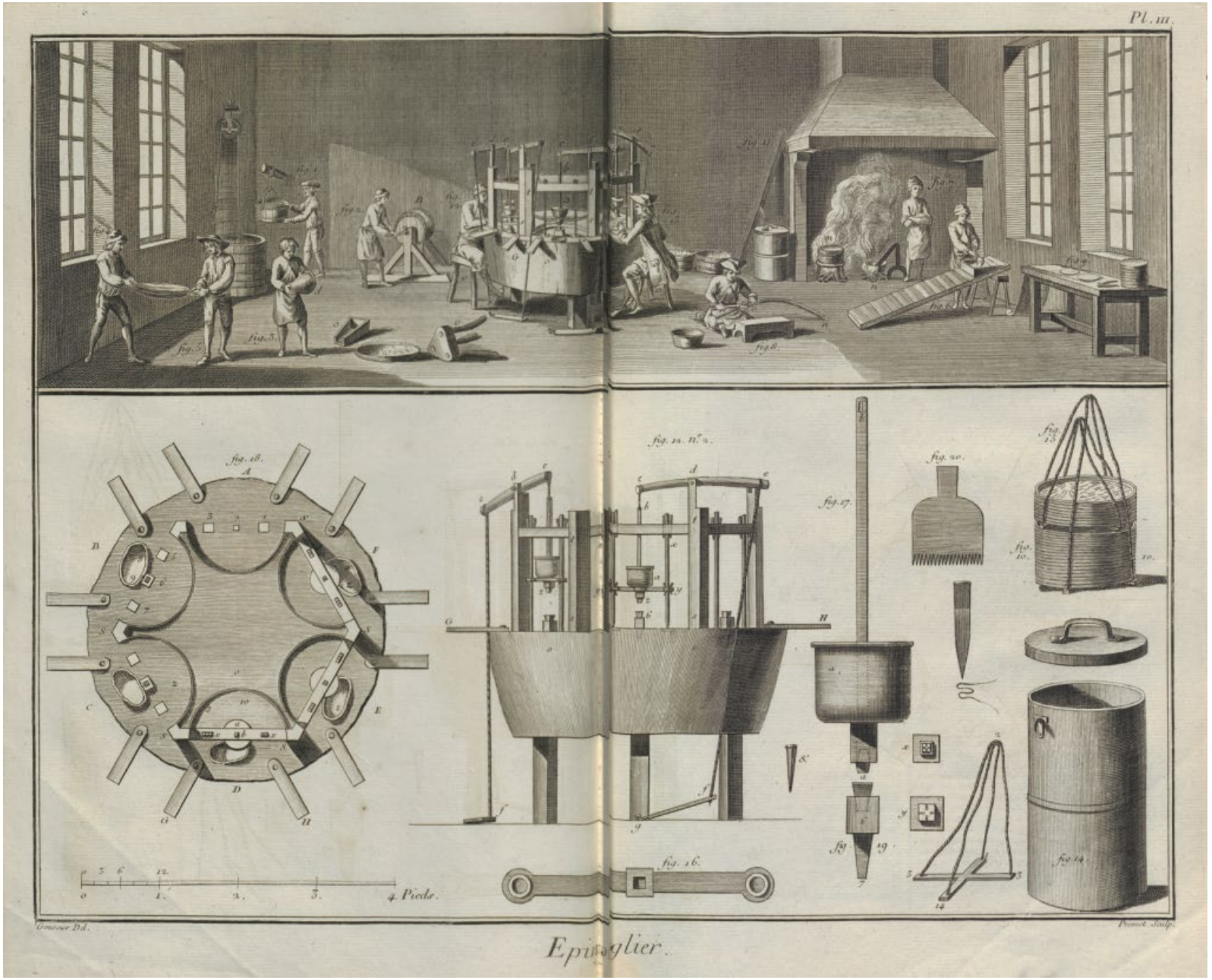

Pl. II.
Fig. 7.
Fig. 3.
A
Fig. 1.
B
Fig. 16.
Fig. 10.
XIV
VII
Fig. 14.
Fig. 18
Fig. 20.
Fig. 11.
Fig. 15.
Fig. 17.
Fig. 17. N°. 2.
Fig. 16.
Fig. 16. N°. 2.
Fig. 21.
Fig. 12.
Pieds
Epinglier.


Pl. III.
fig. 18.
fig. 14. N°. 2.
fig. 17.
fig. 20.
fig. 15.
fig. 10.
fig. 16.
fig. 14.
4 Pieds.
Epinglier.

Adam Smith (1723-1790)

country can well subsist.

This great increase [of] the quantity of work, which, [in consequence of the division of labour,] [12] the same number of people are capable of performing, [k] is owing to three different circumstances; first, to the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and lastly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many.[10]

Adam Smith (1723-1790)

6 First, the improvement of the dexterity of the workman necessarily

increases the quantity of the work he can perform, and the division of labour, by reducing every man's business to some one simple operation, and by making this operation the sole employment of his life, necessarily increases very much the dexterity of the workman. A common smith, who, though accustomed to handle the hammer, has never been used to make nails, if upon some particular occasion he is obliged to attempt it, will scarce, I am assured, be able to make above two or three hundred nails in a day, and those too very bad ones. A smith who has been accustomed to make nails, but whose sole or principal business has not been that of a nailer, can seldom with his utmost diligence make more than eight hundred or a thousand nails in a day. I have seen several boys under twenty years of age who had never exercised any other trade but that of making nails, and who, when they exerted themselves, could make, each of them, upwards of two thousand three hundred nails in a day. The making of a nail, however, is by no means one [13] of the simplest operations. The same person blows the bellows, stirs or mends the fire as there is occasion, heats the iron, and forges every part of the nail: In forging the head too he is obliged to change his tools. The different operations into which the making of a pin, or of a metal button, is subdivided, are all of them much more simple, and the dexterity of the person, of whose life it has been the sole business to perform them, is usually much greater. The rapidity with which some of the operations of those manufactures are performed, exceeds what the human hand could, by those who had never seen them, be supposed capable of acquiring.[11]

Adam Smith (1723-1790)

7 Secondly, the advantage which is gained by saving the time commonly lost in passing from one sort of work to another, is much greater than we should at first view be apt to imagine it. It is impossible to pass very quickly from one kind of work to another, that is carried on in a different place, and with quite different tools. A country weaver, who cultivates a small farm, must lose a good deal of time in passing from his loom to the field, and from the field to his loom. When the two trades can be carried on in the same workhouse, the loss of time is no doubt much less. It is even in this case, however, very considerable. A man commonly saunters a little in turning his hand from one sort of employment to another. When he first begins the new work he is seldom very keen and hearty; his mind, as they say, does not go to it, and for some time he rather trifles than applies to good purpose.[12] The [14] habit of saunter-ing and of indolent careless application, which is naturally, or rather necessarily[13] acquired by every country workman who is obliged to change his work and his tools every half hour, and to apply his hand in twenty different ways almost every day of his life; renders him almost always slothful and lazy, and incapable of any vigorous application even on the most pressing occasions. Independent, therefore, of his deficiency in point of dexterity, this cause alone must always reduce considerably the quantity of work which he is capable of performing.[14]

considerably the quantity of work which he is capable of performing.

8 Thirdly, and lastly, every body must be sensible how much labour is facilitated and abridged by the application of proper machinery. It is unnecessary to give any example.[15] I shall [l] only observe, [m]therefore,[m]

that the invention of all those machines by which labour is so much facilitated and abridged, seems to have been originally owing to the division of labour. Men are much more likely to discover easier and readier methods of attaining any object, when the whole attention of their minds is directed towards that single object, than when it is dissipated among a great variety of things. But in consequence of the division of labour, the whole of every man's attention comes naturally to be directed towards some one very simple object. It is naturally to be expected, therefore, that some one or other of those who are employed in each particular branch of labour should soon find out easier and readier methods of performing their own particular work, wherever the nature of it admits of such [15] improvement.[16] A great part of the machines [n]made use of[n] in those manufactures in which labour is most subdivided, were originally the inventions of common workmen, who, being each of them employed in some very simple operation, naturally turned their thoughts towards finding out easier and readier methods of performing it.[17] Whoever has been much accustomed to visit such manufactures, must frequently have been shewn very pretty machines, which were the inventions of [o]such[o] workmen, in order to facilitate and quicken their own particular part of the work.[18] In the first fire-engines,[19] a boy was constantly employed to open and shut alternately the communication between the boiler and the cylinder, according as the piston either ascended or descended. One of those boys, who loved to play with his companions, observed that, by tying a string from the handle of the valve, which opened this communication, to another part of the machine, the valve would open and shut without his assistance, and leave him at liberty to divert himself with his play-fellows. One of the greatest improvements that has been made upon this machine,

since it was first invented, was in this manner the discovery of a boy who wanted to save his own labour.[20]

9 All the improvements in machinery, however, have by no means been the inventions of those who had occasion to use the machines. Many improvements have been made by the ingenuity of the makers of the machines, when [16] to make them became the business of a peculiar trade;[21] and some by that of those who are called philosophers or men of speculation, whose trade it is, not to do any thing, but to observe every thing; and who, upon that account, are often capable of combining together the powers of the most distant and dissimilar objects.[22] In the progress of society, philosophy or speculation becomes, like every other employment, the principal or sole trade and occupation of a particular class of citizens. Like every other employment too, it is subdivided into a great number of different branches, each of which affords occupation to a peculiar tribe or class of philosophers; and this subdivision of employment in philosophy, as well as in every other business, improves dexterity, and saves time. Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of science is considerably increased by it.[23]

10 It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people.[24] Every workman has a great quantity of his own work to dispose of beyond what he himself has occasion for; and every other workman being exactly in the same situation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the same thing, for the price of a great quan-[17]tity of theirs. He supplies them abundantly with what they have occasion for, and they accommodate him as amply with what he has occasion for, and a general plenty diffuses itself through all the different ranks of the society.

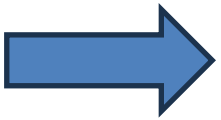
CHAPTER II

Of the Principle which gives occasion to the Division of Labour

1 THIS division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to [20] which it gives occasion.[1] It is the necessary, though very slow and gradual consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another.[2]

2 Whether this propensity be one of those original principles in human nature, of which no further account can be given; or whether, as seems more probable, it be the necessary consequence of the faculties of reason and speech, it belongs not to our present subject to enquire.[3] It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts. Two greyhounds, in running down the same hare, have sometimes the appearance of acting in some sort of concert. Each turns her towards his companion, or endeavours to intercept her when his companion turns her towards himself. This, however, is not the effect of any contract, but of the accidental concurrence of their passions in the same object at that particular time.[4] Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours; I am willing to give this for that. When an animal wants to obtain something either of a man or of another animal, it has no other means of persuasion but to gain the favour of those whose service it requires. A puppy fawns upon its dam, and a spaniel endea-[21]vours by a thousand attractions to engage the attention of its master who is at dinner, when it wants to be fed by him. Man sometimes uses the same arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavours by every servile and fawning attention to obtain their good will. He has not time, however, to do this upon every

occasion. In civilized society he stands at all times in need of the co-operation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. In almost every other race of animals each individual, when it is grown up to maturity, is intirely independent, and in its natural state has occasion for the assistance of no other living creature.[5] But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only.[6] He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from



the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their [22] regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.[7] Nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. The charity of well-disposed people, indeed, supplies him with the whole fund of his subsistence. But though this principle ultimately provides him with all the necessaries of life which he has occasion for, it neither does nor can provide him with them as he has occasion for them. The greater part of his occasional wants are supplied in the same manner as those of other people, by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old cloaths which another bestows upon him he exchanges for other old cloaths which suit him better, or for lodging, or for food, or for money, with which he can buy either food, cloaths, or lodging, as he has occasion.

4 The difference of natural talents in different men is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not upon many occasions so much the cause, as the effect of the division of labour.[11] The difference between the [24] most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education.[12] When they came into the world, and for the first six or eight years of their existence, they were[a], perhaps,[a] very much alike, and neither their parents nor play-fellows could perceive any remarkable difference. About that age, or soon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarce any resemblance. But without the disposition to truck, barter, and exchange, every man must have procured to himself every necessary and conveniency of life which he wanted. All must have had the same duties to perform, and the same work to do, and there could have been no such difference of employment as could alone give occasion to any great difference of talents.[13]

CHAPTER III

[26] *That the Division of Labour is limited by the Extent of the Market*[1]

1 As it is the power of exchanging that gives occasion to the division of labour, so the extent of this division must always be limited by the extent of that power, or, in other words, by the extent of the market.[2] When the market is very small, no person can have any encouragement to dedicate himself entirely to one employment, for want of the power to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he has occasion for.

2 There are some sorts of industry, even of the lowest kind, which can be carried on no where but in a great town. A porter, for example, can find employment and subsistence in no other place. A village is by much too narrow a sphere for him; even an ordinary market town is scarce large enough to afford him constant occupation. In the lone houses and very small villages which are scattered about in so desert a country as the Highlands of Scotland, every farmer must be butcher, baker and brewer for his own family.[3] In such situations we can scarce expect to find even a smith, a carpenter, or a mason, within less than twenty miles of another of the same trade. The scattered families that [27] live at eight or ten miles distance from the nearest of them, must learn to perform themselves a great number of little pieces of work, for which, in more populous countries, they would call in the assistance of those workmen.[4] Country workmen

Labour Theory of value

Benozzo di Lese di Sandro, dit GOZZOLI
Florence, vers 1420/1422 - Pistoia, 1497

Le Triomphe de Saint Thomas d'Aquin
Vers 1470 - 1475
H. : 2,30 m. ; L. : 1,02 m.

and unconscious market took over the task of regulating prices. But the habit of thinking of "value" in terms of producers' cost remained firmly rooted in the consciousness of the direct producers themselves, and was later to prove itself one of the most influential of all the economic legacies left by the Schoolmen.

R. L. Meek, (1973) *Studies in the Labour Theory of Value*, Lawrence and Wishart, London, Second edition

COMMENTARY ON THE NICOMACHEAN ETHICS
by
Thomas Aquinas

translated by
C. I. Litzinger, O.P.

Chicago: Henry Regnery Company, 1964, 2 volumes

Deinde cum dicit: quanta quaedam etc., ostendit quomodo, secundum commensurationem praedictam fit commutatio. Licet enim domus sit magis aliquid in pretio quam calciamentum, tamen aliquanta calceamenta adaequant in pretio unam domum, vel et cibum unius hominis per aliquod longum tempus. Oportet igitur ad hoc quod sit commutatio ut tanta calceamenta dentur pro una domo vel pro cibo unius hominis, quantum aedificator vel etiam agricola excedit coriarium in labore et expensis, quia si hoc non observetur, non erit commutatio rerum, neque homines sibiinvicem sua bona communicabunt. Id autem quod dictum est, scilicet quod aliqua calceamenta dentur pro una domo, non poterit esse nisi aliqualiter sint aequalia calceamenta domui.

Deinde cum dicit: oportet enim etc., assignat rationem praedictae commensurationis, quae fit per numisma. Et dicit, quod ideo possunt omnia adaequari, quia omnia possunt commensurari per aliquid unum, ut dictum est; hoc autem unum, quod omnia mensurat secundum rei veritatem est indigentia, quae continet omnia commutabilia, in quantum scilicet omnia referuntur ad humanam indigentiam; non enim appretiantur res secundum dignitatem naturae ipsorum: alioquin unus mus, quod est animal sensibile, maioris pretii esset quam una margarita, quae est res inanimata: sed rebus pretia imponuntur, secundum quod homines indigent eis ad suum usum.

980. Next [1, a, ii], at 'W certain number," he shows how exchange takes place according to the preceding commensuration. Although a house is worth more than a sandal, nevertheless, a number of sandals are equal in value to one house or the food required for one man during a long period. In order then to have just exchange, as many sandals must be exchanged for one house or for the food required for one man as the builder or the farmer exceeds the shoemaker in his labor and costs. If this is not observed, there will be no exchange of things and men will not share their goods with one another. But what has been said, that a number of sandals are exchanged for one house, is not possible unless the sandals are equated with the house in some way.

981. At "Therefore, it is" [i, a, iii] he indicates the nature of this commensuration made by means of money. He states that for this reason it is possible to equate things because all things can be measured by some one standard, as was pointed out (957). But this one standard which truly measures all things is demand. This includes all commutable things inasmuch as everything has a reference to human need. Articles are not valued according to the dignity of their nature, otherwise a mouse, an animal endowed with sense, should be of greater value than a pearl, a thing without life. But they are priced according as man stands in need of them for his own use.

Hugo Grotius
(1583 – 1645)

HVGONIS GROTII

DE IVRE BELLI AC PACIS

LIBRI TRES.

1625

2. And now in that common and current Price of Things,[7] we usually have a Regard to the Pains and Expences the Merchants and Traders have been at; and it often rises and falls all on a Sudden, according as there are more or fewer Chapmen, and according to the Plenty or Scarcity of Money or Commodities. Besides, <302> there may possibly some such Circumstances intervene, as may very justly raise or lessen the ordinary Market Price; as, the Loss we sustain, the Profit we lose, a particular Fancy for certain Things, the Favour we do one in buying or selling what we should not otherwise have bought or sold; all which Circumstances the Person we deal with ought to be acquainted with. And we may also have Regard to the Loss or Gain that arises from the Delay or the Promptness of Payment.

laborum & expensarum

tur. Hinc fit vt res tanti æſtimetur quantum pro ea communiter offerri aut dari ſolet, quod vix eſt vt non aliquam latitudinem habeat, intra quam plus minúſve dari aut exigi poſſit, niſi vbi lex certum rebus pretium ἐν σιγμῇ, vt Ariſtoteles loquitur, id eſt in puncto conſtituit. In communi autem illo pretio ratio haberi ſolet laborum & expenſarum quas mercatores faciunt: ſolétque ſubitò quoque mutari ex copia & inopia ementium, pecuniæ, mercium. Cæterùm poſſunt & quædam eſſe rei accidentia æſtimabilia, ob quæ res licitè ſupra aut infra commune pretium ematur vendatúrve, putà ob damnum conſequens, lucrum ceſſans, affectum peculiarem, aut ſi in gratiam alterius res vendatur ematúrve alioqui non emenda aut vendenda; quæ ipſa accidentia ei cum quo agitur indicanda ſunt. Eius quoque damni aut lucri ceſſantis ratio haberi poteſt, quod ex pretij ſolutione dilata aut anticipata naſcitur.

But the *Vulgar* Price, which is not fix'd by the Laws, admits of a certain *Latitude*, within the Compass whereof more or less may be, and often is, either taken or given, according to the *Agreement* of the Persons *dealing*; which yet for the most part, goes according to the Custom of the *Market*. Where commonly there is Regard had to the Trouble and Charges which the Tradesmen generally are at, in the bringing home and managing their Commodities, and also after what manner they are bought or sold, whether by Wholesale or Retail. Sometimes also on a sudden the Common Price is alter'd by reason of the *Plenty* or *Scarcity* of *Buyers, Money*, or the *Commodity*. For the *Scarcity* of Buyers and of Money, (which on any particular Account may happen) and the Plenty of the Commodity, may be a Means of *diminishing* the Price thereof. On the other hand, the Plenty of Buyers and of Money, and the Scarcity of the Commodity, *inhanses* the same. Thus as the Value of a Commodity is lessen'd, if it *wants* a Buyer, so the Price is augmented when the Possessor is solicited to sell what otherwise he would not have parted with. Lastly, it is likewise to be regarded, whether the Person offers *ready Money*, or desires *Time* for Payment; for Allowance of *Time* is Part of the *Price*.

VI. Vulgar Price. L. N. N. l. 5. c. 1. §9.

pere.

VI. ENIMVERO vulgare pretium, quod per leges non eſt taxatum, habet aliquam latitudinem, intra quam plus minuſve dari & accipi poteſt ac ſolet, prout inter contrahentes fuit conventum. Quod tamen fere ſequitur uſum fori. Ubi ſolet haberi ratio laborum & expenſarum, quas mercatores communiter faciunt in mercibus adportandis & tractandis; necnon quo modo ematur aut vendatur, in magna quantitate, an minutatim. Subito quoque interdum mutatur commune pretium ex copia aut paucitate ementium, pecuniæ, aut mercium. Nam paucitas ementium & pecuniæ, (ex peculiari cauſa emergens) &

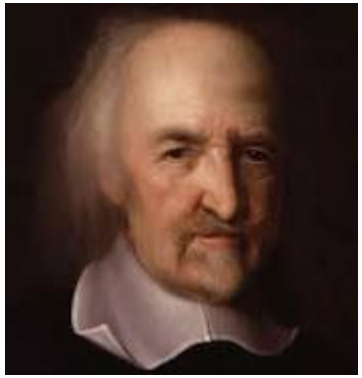
Pretium ex uſu fori ſuam habet latitudinem. c. 1. § 10.

S. PUFENDORFII
DE
OFFICIO
HOMINIS & CIVIS
JUXTA
Legem Naturalem
LIBRI DUO.

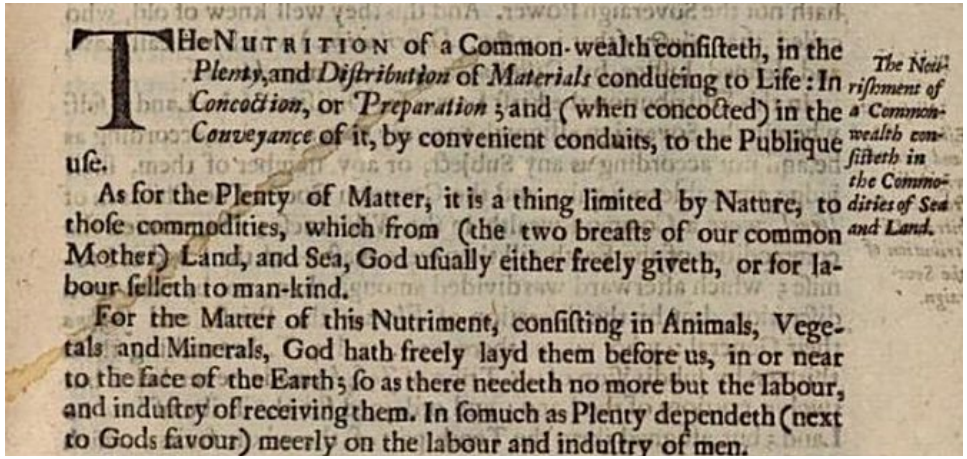
On the Duty of Man and Citizen According to Natural Law **1673**

Samuel Pufendorf
(1632-1694)

laborum & expensarum as "Trouble and Charges"



Thomas Hobbes
(1588-1679)

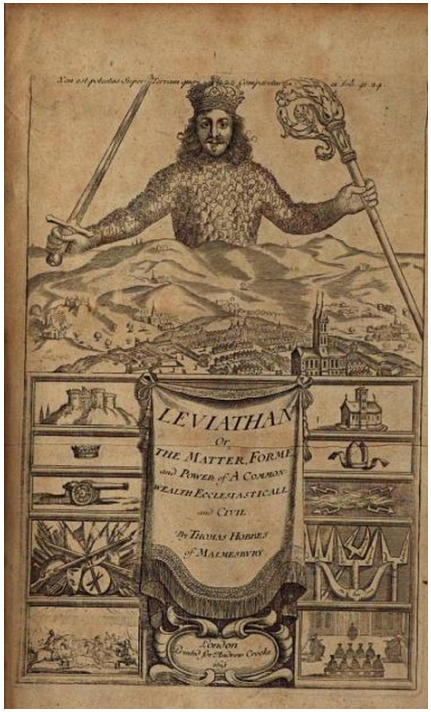


THE NUTRITION of a Common-wealth consisteth, in the *Plenty*, and *Distribution* of *Materials* conducing to Life: In *Concoction*, or *Preparation*; and (when concocted) in the *Conveyance* of it, by convenient conduits, to the Publique use.

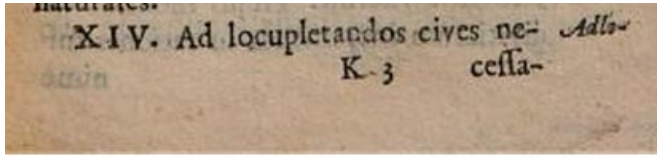
The Nourishment of a Common-wealth consisteth in the Commodities of Sea and Land.

As for the Plenty of Matter, it is a thing limited by Nature, to those commodities, which from (the two breasts of our common Mother) Land, and Sea, God usually either freely giveth, or for labour selleth to man-kind.

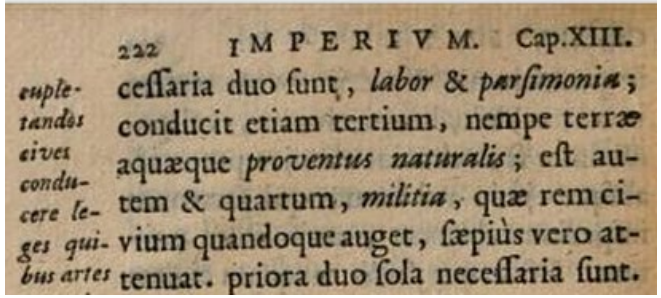
For the Matter of this Nutriment, consisting in Animals, Vegetals and Minerals, God hath freely layd them before us, in or near to the face of the Earth; so as there needeth no more but the labour, and industry of receiving them. In somuch as Plenty dependeth (next to Gods favour) meerly on the labour and industry of men.



Leviathan 1659



XIV. Ad locupletandos cives ne- *Adlo-*
K 3 cessa-

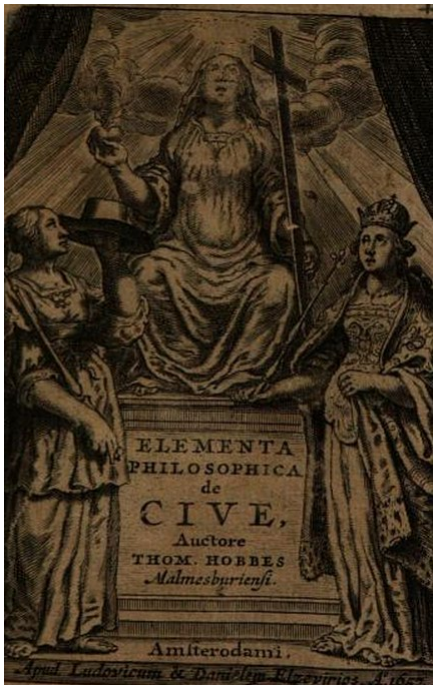


222 IMPERIVM. Cap.XIII.

cupletandos cives conducere leges quibus artes

cessaria duo sunt, *labor* & *parsimonia*; conducit etiam tertium, nempe terræ aquæque *proventus naturalis*; est autem & quartum, *militia*, quæ rem civium quandoque auget, sæpiùs vero attenuat. priora duo sola necessaria sunt.

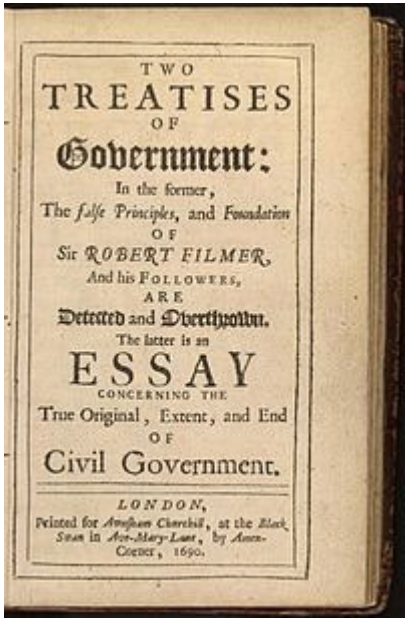
there are two things necessary to the enriching of Subjects, Labour and thrift (*labor & parsimonia*)



Elementa philosophica de cive

Philosophical Rudiments concerning Government and Society

1642



TWO
TREATISES
OF
Government:
In the former,
The *falſe Principles*, and *Foundation*
OF
Sir ROBERT FILMER,
And his FOLLOWERS,
ARE
Detected and Overthrown.
The latter is an
ESSAY
CONCERNING THE
True Original, Extent, and End
OF
Civil Government.

LONDON,
Printed for *Awnſham Churchill*, at the *Black Swan* in *Ave-Mary-Lane*, by *Amen-Corner*, 1690.

40. Nor is it ſo ſtrange as perhaps before conſideration it may appear, that the Property of labour ſhould be able to over-ballance the Community of Land. For 'tis Labour indeed that puts the difference of value on every thing; and let any one conſider, what the difference is between an Acre of Land planted with Tobacco, or Sugar, ſown with Wheat or Barley; and an Acre of the ſame Land lying in common, without any Husbandry upon it; and he will find, that the improvement of labour makes the far greater part of the value. I think it will be but a very modeſt Computation to ſay, that of the Products of the Earth uſeful to the Life of Man $\frac{9}{10}$ are the effects of labour: nay, if we will rightly eſtimate things as they come to our uſe, and caſt up the ſeveral Expences about them, what in them is purely owing to Nature, and what to labour, we ſhall find, that in moſt of them $\frac{99}{100}$, are wholly to be put on the account of labour.

45. Thus Labour in the Beginning, gave a Right of Property, where-ever any one was pleaſed to imploy it, upon what was common, which remained, a long while, the far greater part, and is yet more than Mankind makes uſe of. Men, at firſt, for the moſt part, contented themſelves with what un-aſſiſted Nature offered to their Neceſſities; and though afterwards, in ſome parts of the World, where the Increaſe of People and Stock, with the Uſe of Money, had made Land ſcarce, and ſo of ſome Value, the ſeveral Communities ſettled the Bounds of their diſtinct Territories, and by Laws within themſelves, regulated the Properties of the private Men of their Society, and ſo, by Compact and Agreement, ſettled

ſettled the Property with Labour and Induſtry began; and the Leagues that have been made be-

John Locke (1632 –1704)

Sir William Petty
1623-1687

A

TREATISE

OF

Taxes & Contributions.

Shewing the Nature and Measures of

Crown-Lands.	Penalties.
Assessements.	Monopolies.
Customs.	Offices.
Poll-Moneys.	Tythes.
Lotteries.	Raising of Coins.
Benevolence.	Harth-Money.
	Excize, &c.

With several intersperst Discourses and Digressions concerning

Warres.	Beggars.
The Church.	Ensurance.
Universities.	Exportation of {Money. Wool.}
Rents & Purchases.	Free-Ports.
Usury & Exchange.	Coins.
Banks & Lombards.	Housing.
Registries for Conveyances.	Liberty of Conscience, &c.

The same being frequently applied to the present State and Affairs of
IRELAND.

London, Printed for *N. Brooke*, at the Angel in *Cornhill*. 1662.

18. Our Silver and Gold we call by severall names, as in *England* by pounds, shillings, and pence, all which may be called and understood by either of the three. But that which I would say upon this matter is, that all things ought to be valued by two natural Denominations, which is Land and Labour; that is, we ought to say, a Ship or garment is worth such a measure of Land, with such another measure of Labour; forasmuch as both Ships and Garments were the creatures of Lands and mens Labours thereupon: This being true, we should be glad to finde out a natural Par between

Land and Labour, so as we might express the value by either of them alone as well or better then by both, and reduce one into the other as easily and certainly as we reduce pence into pounds. Wherefore we would be glad to finde the natural values of the Fee simple of Land, though but no better then we have done that of the *usus fructus* above-mentioned, which we attempt as followeth.

ESSAI
SUR LA NATURE DU COMMERCE EN GÉNÉRAL.

TRADUIT DE L'ANGLOIS.

en réalité composé par de Cantillon

A LONDRES,
Chez FLETCHER GYLES;
dans Holborn

M. DCC. LV.

PREMIERE PARTIE.

CHAPITRE PREMIER.

De la Richeſſe.

LA Terre eſt la ſource ou la matiere d'où l'on tire la Richeſſe; le travail de l'Homme eſt la forme qui la produit: & la Richeſſe en elle-même, n'eſt autre

CHAPITRE X.

Le prix & valeur intrinſeque d'une choſe en général eſt la meſure de la terre & du travail qui entre dans ſa production.

1*st Answer*, If this Bullion, or Coin, is carried out to purchase *Raw Materials*, for the Imployment of our People, the Trade is good and beneficial to the State, because it creates Industry, and promotes Labour. For Industry and Labour are the only real Riches; Money being merely the Ticket or Sign belonging to them; and the Use of Money is TO CERTIFY, that the Person possessing that Piece of Coin, hath likewise been in Possession of a *certain Quantity of Labour*, which he hath transferred into other Hands, and now retains the *Sign* of it.—Money therefore being nothing more than a Certificate of Labour, it necessarily follows, that national Industry will always command as many of these Certificates, *i. e.* as much Gold and Silver, as are wanted for these Purposes.

Josiah Tucker (1713-1799)
Elements of Commerce
1755

A

MODEST INQUIRY

INTO THE

NATURE AND NECESSITY

OF A

PAPER CURRENCY.

Quid asper
Utile nummus habet; patriæ carisque propinquis
Quantum elargiri deceat.

PERSIUS.

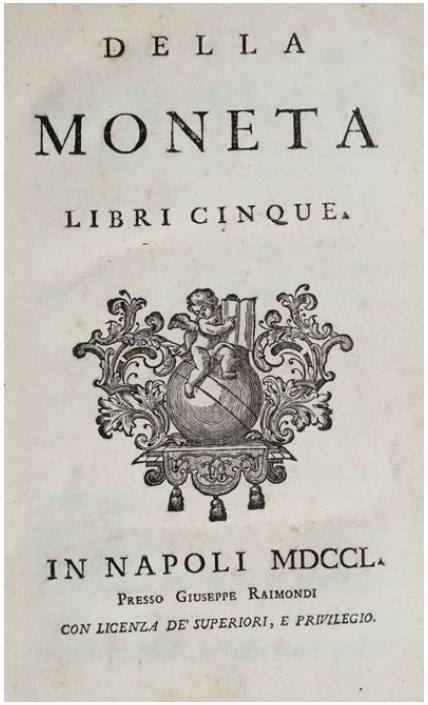
FIRST PRINTED AT PHILADELPHIA IN THE YEAR 1729.

ties, with abundance or facility.

For many ages, those parts of the world which are engaged in commerce, have fixed upon gold and silver as the chief and most proper materials for this medium; they being in themselves valuable metals for their fineness, beauty, and scarcity. By these, particularly by silver, it has been usual to value all things else. But as silver itself is of no certain permanent value, being worth more or less according to its scarcity or plenty, therefore it seems requisite to fix upon something else, more proper to be made a *measure of values*, and this I take to be *labor*.*

Benjamin Franklin
(1706-1790)

Ferdinando Galiani
(1728-1787)
Della moneta (1751)



Ragioni componenti il valore.

Il valore adunque è una ragione ; e queſta compoſta da due ragioni , che con queſti nomi eſprimo d' *Utilità* , e *Rarità*. Quel ch' io m' intenda , acciocchè ſulle voci non ſi diſputi , l'andrò con eſempli dichiarando. Egli è evidente , che l'aria , e l'acqua , che ſono elementi utiliſſimi all' umana vita , non hanno valore alcuno, perchè manca loro la rarità : e per contrario un ſacchetto d' arena de' lidi del Giappone rara coſa ſarebbe , ma poſto che non aveſſe utilità particolare , non avrebbe valore.

La quantità della materia.

Paſſando ora a dire ſulla quantità della coſa , dico che ſonovi due claſſi di corpi. In alcuni ella dipende dalla diverſa abbondanza , con cui la

39

la natura gli produce : in altri ſolo dalla varia fatica , ed opera che vi s' impiega. E' la prima

fatica

CHAPTER IV

Of the Origin and Use of Money[1]

11 It is in this manner that money has become in all civilized nations the universal instrument of commerce, by the intervention of which goods of all kinds are bought and sold, or exchanged for one another.[30]

12 What are the rules which men naturally observe in exchanging them either for money or for one another, I shall now proceed to examine. These rules determine what may be called the relative or exchangeable value of goods.

13 [42] The word VALUE, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called 'value in use;' the other, 'value in exchange.' The things which have the greatest value in use have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water: but it will purchase scarce any thing; scarce any thing can be had in exchange for it. A diamond, on the contrary, has scarce any value in use; but a very great quantity of other goods may frequently be had in exchange for it.[31]

14 In order to investigate the principles which regulate the exchangeable value of commodities, I shall endeavour to shew,

15 First, what is the real measure of this exchangeable value; or, wherein consists the real price of all commodities,

16 Secondly, what are the different parts of which this real price is composed or made up.

17 And, lastly, what are the different circumstances which sometimes raise some or all of these different parts of price above, and sometimes sink them below their natural or ordinary rate; or, what are the causes which sometimes hinder the market price, that is, the actual price of commodities, from coinciding exactly with what may be called their natural price.

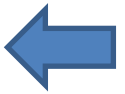
CHAPTER V

Of the real and nominal Price of Commodities, or of their Price in Labour, and their Price in Money

1 EVERY man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniencies, and amusements of human life.[1] But after the division of labour has once thoroughly taken place, it is but a very small part of these with which a man's own labour can supply him. The far greater part of them he must derive from the labour of other [44] people, and he must be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchase. The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command.[2] Labour, therefore, is the real measure of the exchangeable value of all commodities.[3]

2 The real price of every thing, what every thing really costs to the man who wants to acquire it, is the toil and trouble of acquiring it.[4] What every thing is really worth to the man who has acquired it, and who wants to dispose of it or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people. What is bought with money or with goods is purchased by labour as much as what we acquire by the toil of our own body.[5] That money or those goods indeed save us this toil. They contain the value of a certain quantity of labour which we exchange for what is supposed at the time to contain the value of an equal quantity.[6] Labour was the first price, the original purchase-money that was paid for all things.[7] It was not by gold or by silver, but by labour, that all the wealth of the world was originally purchased;[8] and its value, to those who possess it and who want to exchange it for some new productions, is precisely equal to the quantity of labour which it can enable them to purchase or command.

4 But though labour be the real measure of the exchangeable value of all commodities, it is not that by which their value is commonly estimated. It is often difficult to ascertain the proportion between two different quantities of labour. The time spent in two different sorts of work will not always alone determine this proportion. The different degrees of hardship endured, and of ingenuity exercised, must likewise be taken into account.[10] There may be more labour in an hour's hard work than in two hours easy business; or in an hour's application to a trade which it cost ten years labour to learn, than in a [46] month's industry at an ordinary and obvious employment. But it is not easy to find any accurate measure either of hardship or ingenuity. In exchanging indeed the different productions of different sorts of labour for one another, some allowance is commonly made for both. It is adjusted, however, not by any accurate measure, but by the higgling and bargaining of the market, according to that sort of rough equality which, though not exact, is sufficient for carrying on the business of common life.



CHAPTER VI

Of the component Parts of the Price of Commodities

1 IN that early and rude state of society which precedes both the accumulation of stock and the appropriation of land, the proportion between the quantities of labour necessary for acquiring different objects seems to be the only circumstance which can afford any rule for exchanging them for one another.[1] If among a nation of hunters, for example, it usually costs twice the labour to kill a beaver which it does to kill a deer, one beaver should naturally ex-[71]change for or be worth two deer. It is natural that what is usually the produce of two days or two hours labour, should be worth double of what is usually the produce of one day's or one hour's labour.

2 If the one species of labour should be more severe than the other, some allowance will naturally be made for this superior hardship;[2] and the produce of one hour's labour in the one way may frequently exchange for that of two hours labour in the other.

4 In this state of things[a], the whole produce of labour belongs to the labourer; and[a] the quantity of labour commonly employed in acquiring or producing any commodity, is the only circumstance which can regulate the quantity of la-[72]bour which it ought commonly to purchase, command, or exchange for.

5 As soon as stock has accumulated in the hands of particular persons, some of them will naturally employ it in setting to work industrious people,

whom they will supply with materials and subsistence, in order to make a profit by the sale of their work, or by what their labour adds to the value of the materials. In exchanging the complete manufacture either for money, for labour, or for other goods, over and above what may be sufficient to pay the price of the materials, and the wages of the workmen, something must be given for the profits of the undertaker of the work who hazards his stock in this adventure.[4] The value which the workmen add to the materials, therefore, resolves itself in this case into two parts, of which the one pays their wages, the other the profits of their employer upon the whole stock of materials and wages which he advanced. He could have no interest to employ them, unless he expected from the sale of their work something more than what was sufficient to replace his stock to him; and he could have no interest to employ a great stock rather than a small one, unless his profits were to bear some proportion to the extent of his stock.

were to bear some proportion to the extent of his stock.

6 The profits of stock, it may perhaps be thought, are only a different name for the wages of a particular sort of labour, the labour of inspection and direction. They are, however, altogether different, are regulated by quite differ-[73]ent principles, and bear no proportion to the quantity, the hardship, or the ingenuity of this supposed labour of inspection and direction. They are regulated altogether by the value of the stock employed, and are greater or smaller in proportion to the extent of this stock. Let us suppose, for example, that in some particular place, where the common annual profits of manufacturing stock are ten per cent. there are two different manufactures, in each of which twenty workmen are employed at the rate of fifteen pounds a year each, or at the expence of three hundred a year in each manufactory. Let us suppose too, that the coarse materials annually wrought up in the one cost only seven hundred pounds, while the finer materials in the other cost seven thousand. The capital annually employed in the one will in this case amount only to one thousand pounds; whereas that employed in the other will amount to seven thousand three hundred pounds. At the rate of ten per cent. therefore, the undertaker of the one will expect an yearly profit of about one hundred pounds only; while that of the other will expect about seven hundred and thirty pounds. But though their profits are so very different, their labour of inspection and direction may be either altogether or very nearly the same. In many great works, almost the whole labour of this kind is [b] committed to some principal clerk. His wages properly express the value of this labour of inspection and direction. Though in settling them some regard is had commonly, not only to his [74] labour and skill, but to the trust which is reposed in him, yet they never bear any regular proportion to the capital of which he oversees the manage-

ment; and the owner of this capital, though he is thus discharged of almost all labour, still expects that his profits should bear a regular proportion to [c]his capital[c]. In the price of commodities, therefore, the profits of stock [d]constitute a component part[d] altogether different from the wages of labour, and regulated by quite different principles.

8 As soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed, and demand a rent even for its natural produce. The wood of the forest, the grass of the field, and all the natural fruits of the earth, which, when land was in common, cost [g]the labourer[g] only the trouble of gathering them, come[h], even to him,[h] to have an additional price fixed upon them. [i]He[i] must then pay for the licence to gather [75] them; and [j]must give up to the landlord a portion of what his labour either collects or produces. This portion, or, what comes to the same thing, the price of this portion, constitutes the rent of land, and in the price of the greater part of commodities makes a third component part.[15]

Wages + profits + land rent

$$p_n = wL + r_eT + rK$$

CHAPTER VII

Of the natural and market Price of Commodities[1]

7 [84] The actual price at which any commodity is commonly sold is called its market price. It may either be above, or below, or exactly the same with its natural price.

8 The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of those who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which must be paid in order to bring it thither. Such people may be called the effectual demanders, and their demand the effectual demand;[7] since it may be sufficient to effectuate the bringing of the commodity to market. It is different from the absolute demand. A very poor man may be said in some sense to have a demand for a coach and six; he might like to have it; but his demand is not an effectual demand, as the commodity can never be brought to market in order to satisfy it.[8]

9 When the quantity of any commodity which is brought to market falls short of the effectual demand, all those who are willing to pay the whole value of the rent, wages, and profit, which must be paid in order to bring it thither, cannot be supplied with the quantity which they want. Rather than want it altogether, some of them will be willing to give more. A competition will immediately begin among them, and the market price will rise

more or less above the natural price, according as [a]either[a] the greatness of the deficiency[b], or the wealth and wanton luxury of the competitors, happen to animate[b] more or less the eagerness of [85] [c]the[c] competition. [d]Among competitors of equal wealth and luxury the[d] same deficiency will generally occasion a more or less eager competition, according as the acquisition of the commodity happens to be of more or less importance to [e]them[e]. Hence the exorbitant price of the necessaries of life during the blockade of a town or in a famine.

When the quantity brought to market exceeds the effectual demand, it cannot be all sold to those who are willing to pay the whole value of the rent, wages and profit, which must be paid in order to bring it thither. Some part must be sold to those who are willing to pay less, and the low price which they give for it must reduce the price of the whole. The market price will sink more or less below the natural price, according as the greatness of the excess increases more or less the competition of the sellers, or according as it happens to be more or less important to them to get immediately rid of the commodity. The same excess in the importation of perishable, will occasion a much greater competition than in that of durable commodities; in the importation of oranges, for example, than [f]in[f] that of old iron.[9]

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price.

The natural price, therefore, is, as it were, the central price, to which the prices of all commodities are continually gravitating.[10] Different accidents may sometimes keep them suspended a good deal above it, and sometimes force them down even somewhat below it. But whatever may be the obstacles which hinder them from settling in this center of repose and continuance, they are constantly tending towards it.

PART I

Inequalities arising from the Nature of the Employments themselves

1 The five following are the principal circumstances which, so far as I have been able to observe, make up for a small pecuniary gain in some employments, and counter-balance a great one in others: first, the agreeableness or disagreeableness of the employments themselves; secondly, the easiness and cheapness, or the difficulty and expence of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the small or great trust which must be reposed in those who exercise them; and, fiftly, the probability or improbability of success in them.[3]

than in other trades.

34 Of the five circumstances, therefore, which vary the wages of labour, two only affect the profits of stock; the agreeableness or disagreeableness of the business, and the risk or security with which it is attended.[29] In point of

CHAPTER XI

Of the Rent of Land

country.

5 The rent of land, therefore, considered as the price paid for the use of the land, is naturally a monopoly price.[6] It is not at all proportioned to what the landlord may have laid out upon the improvement of the land, or to what he can afford to take; but to what the farmer can afford to give.[7]

[407]

BOOK II

Of the Nature, Accumulation, and Employment of Stock

4 As the accumulation of stock is previously necessary for carrying on this great improvement in the productive powers of labour, so that accumulation naturally leads to this improvement. The person who employs his stock in maintaining labour, necessarily wishes to employ it in such a manner as to produce as great a quantity of work as possible. He endeavours, therefore, both to make among his workmen the most proper distribution of employment, and to furnish them with the best machines which he can either invent or afford to purchase.[3] His abilities in both these respects are generally in proportion to the extent of his stock, or to the number of people whom it can employ. The quantity of industry, therefore, not only increases in every country with the increase of the stock which employs it, but, in consequence of that increase, the same quantity of industry produces a much greater quantity of work.

[1]

CHAPTER III

Of the Accumulation of Capital, or of productive and unproductive Labour

1 THERE is one sort of labour which adds to the value of the subject upon which it is bestowed: There is another which has no such effect. The former, as it produces a value, may be called productive; the latter, unproductive* labour.[1] Thus the labour of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own [2] maintenance, and of his master's profit. The labour of a menial servant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his master, he, in reality, costs him no expence, the value of those wages being generally restored, together with a profit, in the improved value of the subject upon which his labour is bestowed. But the maintenance of a menial servant never is restored. A man grows rich by employing a multitude of manufacturers: He grows poor, by maintaining a multitude of menial servants. The labour of the latter, however, has its value, and deserves its reward as well as that of the former. But the labour of the manufacturer fixes and realizes itself in some particular subject or vendible commodity, which lasts for some time at least after that labour is past.[2] It is, as it were, a certain quantity of labour stocked and stored up to be employed, if necessary, upon some other occasion. That subject, or what is the same thing, the price of that subject, can afterwards, if necessary, put into motion a quantity of labour equal to that which had originally produced it.[3] The labour of the menial servant, on the contrary, does not fix or realize itself in any particular subject or vendible commodity. His services generally perish in the very instant of their performance, and seldom leave any trace or value behind them, for which an equal quantity of service could afterwards be procured.[4]

officers both of justice and war who serve under him, the whole army and navy, are unproductive labourers.[5] They are the servants of the publick, and are maintained by a part of the annual produce of the industry of other people.[6] Their service, how honourable, how useful,[7] or how necessary soever, produces nothing for which an equal quantity of service can afterwards be procured. The protection, security, and defence of the commonwealth, the effect of their labour this year, will not purchase its protection, security, and defence, for the year to come. In the same class must be ranked, some both of the gravest and most important, and some of the most frivolous professions: churchmen, lawyers, physicians, men of letters of all kinds; players, buffoons, musicians, opera-singers, opera-dancers, &c.[8] The labour of the meanest of these has a certain value, regulated by the very same principles which regulate that of every other sort of labour;[9] and that of the noblest and most useful, produces nothing which could afterwards purchase or procure an equal quantity of labour. Like the declamation of the actor, the harangue of the orator, or the tune of the musician, the work of all of them perishes in the very instant of its production.[10]

[138] BOOK IV

Of Systems of political Oeconomy

INTRODUCTION

1 POLITICAL œconomy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects; first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the publick services. It proposes to enrich both the people and the sovereign.

2 The different progress of opulence in different ages and nations, has given occasion to two different systems of political œconomy, with regard to enriching the people. The one may be called the system of commerce, the other that of agriculture. I shall endeavour to explain both as fully and distinctly as I can, and shall begin with the system of commerce. It is the modern system, and is best understood in our own country and in our own times.

CHAPTER I

Of the Principle of the commercial, or mercantile System[1]

[illegible] manner. The French have been particularly forward to favour their own manufactures by restraining the importation of such foreign goods as could come into competition with them. In this consisted a great part of the policy of Mr. Colbert,[49] who, notwithstanding his great abilities, seems in this case to have been imposed upon by the sophistry of merchants and manufacturers, who are always demanding a monopoly against their countrymen. It is at present the opinion of the most intelligent men in France that his operations of this kind have not been beneficial to his country.[50] That minister, by the tarif of 1667, imposed very high duties

[209] CHAPTER III

Of the extraordinary Restraints upon the Importation of Goods of almost all Kinds, from those Countries with which the Balance is supposed to be disadvantageous

[a]PART I

Of the Unreasonableness of those Restraints even upon the Principles of the Commercial System[a]

The invisible hand

WN

[176] CHAPTER II

Of Restraints upon the Importation [a]from foreign Countries of such Goods[a] as can be produced at Home

9 But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value.[12] As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestick industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can.[13] He generally, indeed, neither intends to promote the publick interest, nor knows how much he is promoting it. By preferring the support of domestick to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention.[14] Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the publick good. It is an [182] affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.[15]

TMS

PART IV

Of the Effect of Utility upon the Sentiment of Approbation

[a]Consisting of One Section[a]

and to maintain a greater multitude of inhabitants. It is to no purpose, that the proud and unfeeling landlord views his extensive fields, and without a thought for the wants of his brethren, in imagination consumes himself the whole harvest that grows upon them. The homely and vulgar proverb, that the eye is larger than the belly, never was more fully verified than with regard to him. The capacity of his stomach bears no proportion to the immensity of his desires, and will receive no more than that of the meanest peasant.[6] The rest he is obliged to distribute among those, who prepare, in the nicest manner, that little which he himself makes use of, among those who fit up the palace in which this little is to be consumed, among those who provide and keep in order all the different baubles and trinkets, which are employed in the oeconomy of greatness; all of whom thus derive from his luxury and caprice, that share of the necessaries of life, which they would in vain have expected from his humanity or his justice. The produce of the soil maintains at all times nearly that number of inhabitants which it is capable of maintaining. The rich only select from the heap what is most precious and agreeable. They consume little more than the poor, and in spite of their natural selfishness and rapacity, though they mean only their own conveniency, though the sole end which they propose from the labours of all the thousands whom they employ, be the gratification of their own vain and insatiable desires, they divide with the poor the produce of all their improvements. They are led by an invisible hand[7] to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species. When Providence divided the earth among a few lordly masters, it neither forgot nor abandoned those who seemed to have been left out in the partition. These last too enjoy their share of all that it produces. In what constitutes the real happiness of human life, they are in no respect inferior to those who would seem so much above them. In ease of body and peace of mind, all the different ranks of life are nearly upon a level, and the beggar, who suns himself by the side of the highway, possesses that security which kings are fighting for.

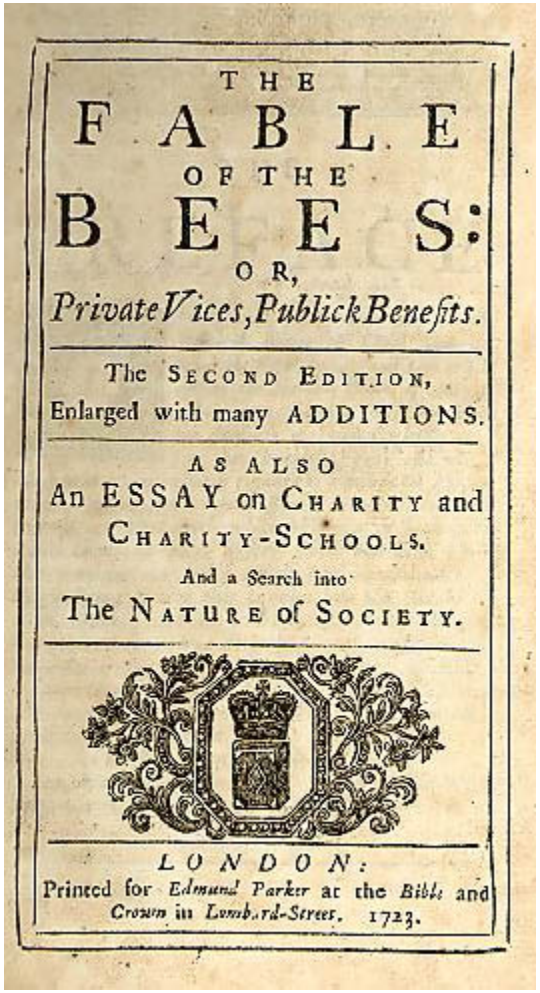
Non intended consequences

The invisible hand and the role of self-interest

The natural effort of every individual to better his own condition,[32] when suffered to exert itself with freedom and security, is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers its operations; though the effect of these obstructions is always more or less either to encroach upon its freedom, or to diminish its security. In Great Britain industry is perfectly secure; and though [320] it is far from being perfectly free, it is as free or freer than in any other part of Europe.

The invisible hand and the role of self-interest

Bernard de Mandeville
(1670 –1733)



THE
FABLE
OF THE
BEES:
OR,
Private Vices, Publick Benefits.

The SECOND EDITION,
Enlarged with many ADDITIONS.

AS ALSO
An ESSAY on CHARITY and
CHARITY-SCHOOLS.
And a Search into
The NATURE of SOCIETY.

LONDON:
Printed for *Edmund Parker* at the *Bible* and
Crown in *Lombard-Street*. 1723.

THE [1]

GRUMBLING HIVE:

OR,

KNAVES *turn'd Honest.**

A Spacious Hive well stockt with Bees,
That liv'd in Luxury and Ease;
And yet as fam'd for Laws and Arms,
As yielding large and early Swarms;
Was counted the great Nursery
Of Sciences and Industry.
No Bees had better Government,
More Fickleness, or less Content:
They were not Slaves to Tyranny,
Nor rul'd by wild *Democracy*;
But Kings, that could not wrong, because [2]
Their Power was circumscrib'd by Laws.

*: or, KNAVES *turn'd Honest*] *om. in heading, although present on title-page, 05*

1522.1 B

The invisible hand and the role of self-interest

[3] VAST Numbers throng'd the fruitful Hive;
Yet those vast Numbers made 'em thrive;
Millions endeavouring to supply
Each other's Lust and Vanity;
While other Millions were employ'd,
To see their Handy-works destroy'd;
They furnish'd half the Universe;
Yet had more Work than Labourers.

Of their good-natur'd needless Neighbour.
(*B.*) These were call'd Knaves, but bar the Name,
The grave Industrious were the same:

All Trades and Places knew some Cheat,
No Calling was without Deceit.

THUS every Part was full of Vice,
Yet the whole Mass a Paradise;
Flatter'd in Peace, and fear'd in Wars,
They were th' Esteem of Foreigners,
And lavish of their Wealth and Lives,
The Balance of all other Hives.
Such were the Blessings of that State;
Their Crimes conspir'd to make them [a] Great
(*F.*) And Virtue, who from Politicks
Had learn'd a Thousand Cunning Tricks,
Was, by their happy Influence,
Made Friends with Vice: And ever since,
(*G.*) The worst of all the Multitude
Did something for the Common Good.

(*I.*) THE Root of Evil, Avarice,
That damn'd ill-natur'd baneful Vice,
Was Slave to Prodigality,
(*K.*) That noble Sin; (*L.*) whilst Luxury
Employ'd a Million of the Poor,
(*M.*) And odious Pride a Million more:
(*N.*) [b] Envy it self, and Vanity,
Were Ministers of Industry;
Their darling Folly, Fickleness,
In Diet, Furniture and Dress,
That strange ridic'lous Vice, was made
The very Wheel that turn'd the Trade.

people.

50 In the progress of the division of labour, the employment of the far greater part of those who live by labour, that is, of the great body of the people, comes to be confined to a "few very" simple operations; frequently to one or two. But the understandings of the greater part of men are necessarily formed by their ordinary employments.[46] The man whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become.[47] The torpor of his mind renders him, not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life. Of the great and extensive interests of his country, he is altogether incapable of judging; and unless very particular pains have been taken to render him otherwise, he is equally incapable of defending his country in war.[48] The uniformity of his stationary life naturally corrupts the courage of his mind, and makes him regard with abhorrence the irregular, [183] uncertain, and adventurous life of a soldier. It corrupts even the activity of his body, and renders him incapable of exerting his strength with vigour and perseverance, in any other employment than that to which he has been bred. His dexterity at his own particular trade seems, in this manner, to be acquired at the expence of his intellectual, social, and martial virtues. But in every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it.[49]

The negative effects of the division of labour and the role of education

MODERN TIMES, United Artists, 1936. Directed by Charlie Chaplin

51 All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord.[59] Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society.[60] According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing [43] an exact administration of justice;[61] and, thirdly, the duty of erecting and maintaining certain publick works and certain publick institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expence to any individual or small number of individuals, though it may frequently do much more than repay it to a great society.[62]

The system of natural liberty

The role of government

BOOK V

Of the Revenue of the Sovereign or Commonwealth

CHAPTER I

Of the Expences of the Sovereign or Commonwealth

PART FIRST

Of the Expence of Defence

PART II

Of the Expence of Justice

PART III

Of the Expence of publick Works and publick Institutions

1 The third and last duty of the sovereign or commonwealth is that of erecting and maintaining those publick institutions and those publick works, which, though they may be in the highest degree advantageous to a great society, are, how-[93]ever, of such a nature, that the profit could never repay the expence to any individual or small number of individuals, and which it, therefore, cannot be expected that any individual or small number of individuals should erect or maintain.[1] The performance of this duty requires too very different degrees of expence in the different periods of society.

ARTICLE I

Of the publick Works and Institutions for facilitating the Commerce of the Society

[a]And, first, of those which are necessary for facilitating Commerce in general[a]

1 That the erection and maintenance of the publick works which facilitate the commerce of any country, such as good roads, bridges, navi-[94] gable canals, harbours,[1] &c. must require very different degrees of expence in the different periods of society, is evident without any proof.

[a]Of the Publick Works and Institutions which are necessary for facilitating particular Branches of Commerce

ARTICLE II

Of the Expence of the Institutions for the Education of [a] Youth[1]

1 The institutions for the education of the youth may, in the same manner, furnish a revenue sufficient for defraying their own expence. The fee or

ARTICLE III

Of the Expence of the Institutions for the Instruction of People of all Ages

1 The institutions for the instruction of people of all ages are chiefly those for religious instruction. This is a species of instruction of which the object is not so much to render the people good citizens in this world, as to prepare them for another and a better world in a life to come. The teachers

PART IV

Of the Expence of supporting the Dignity of the Sovereign

1 Over and above the [a]expence[a] necessary for enabling the sovereign to perform his several duties, a certain expence is requisite for the support of his dignity. This expence varies [238] both with the different periods of improvement, and with the different forms of government.

CHAPTER II

Of the Sources of the general or publick Revenue of the Society

1 The revenue which must defray, not only the expence of defending the society and of supporting the dignity of the chief magistrate, but all the other necessary expences of government, for which the constitution of the state has not provided any particular revenue, may be drawn, either, first, from some fund which peculiarly belongs to the sovereign or commonwealth, and which is independent of the revenue of the people; or, secondly, from the revenue of the people.

PART I

Of the Funds or Sources of Revenue which may peculiarly belong to the Sovereign or Commonwealth

1 The private revenue of individuals, it has been shewn in the first book of this inquiry, arises ultimately from three different sources; Rent, Profit, and Wages.[1] Every tax must finally be paid from some one or other of those three different sorts of revenue, or from all of them indifferently. I shall endeavour to give the best account I can, first, of those taxes which, it is intended, should fall upon rent; secondly, of those which, it is intended, should fall upon profit; thirdly, of those which, it is intended, should fall upon wages; and, fourthly, of those which, it is intended, should fall indifferently upon all those three different sources of private revenue. The particular consideration of each of these four different sorts of taxes will divide the second part of the present chapter into four articles, three of which will require several other subdivisions. Many of those taxes, it will appear from the following review, are not finally paid from the fund, or source of revenue, upon which it was intended they should fall.

2 Before I enter upon the examination of particular taxes, it is necessary to premise the four following maxims with regard to taxes in general.

3 I. The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the [256] revenue which they respectively enjoy under the protection of the state. The expence of government

4 II. The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. Where it is otherwise, every person subject to the tax is put more or less in the power of the tax-gatherer, who can either aggravate the tax upon any obnoxious contributor, or extort, by the terror of such aggravation, some present or perquisite to himself. The

5 III. Every tax ought to be levied at the time, or in the manner in which it is most likely to be convenient for the contributor to pay it. A tax upon the rent of land or of houses, payable at the same term at which such rents are usually paid, is levied at the time when it is most likely to be convenient for the contributor to pay; or, when he is most likely to have wherewithal to pay. Taxes upon such consumable goods as are articles of luxury, are all finally paid by the consumer, and generally in a manner that is very convenient for him. He pays them by little and little, as he

6 IV. Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the publick treasury of the state. A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the publick treasury, in the four following ways. First, the levying of it may require a great number of officers, whose salaries may eat up the greater part of the produce of the [258] tax, and whose perquisites may impose another additional tax upon the people. Secondly, it may obstruct the industry of the people, and discourage them from applying to certain branches of business which might give maintenance and employment to great multitudes. While it obliges the people to pay, it may thus diminish, or perhaps destroy some of the funds, which might enable them more easily to do so. Thirdly, by the forfeitures and other penalties which those unfortunate individuals incur who attempt unsuccessfully to evade the tax, it may frequently ruin them, and thereby put an end to the benefit which the community might have received from the employment of their capitals. An injudicious tax offers a great temptation to smuggling.[3] But the penalties of smuggling must rise in proportion to the temptation. The law, contrary to all the ordinary principles of justice, first creates the temptation, and then punishes those who yield to it; and it commonly enhances the punishment too in proportion to the very circumstance which ought certainly to alleviate it, the temptation to commit the crime*. Fourthly, by subjecting the people to the frequent visits, and the odious examination of the tax-gatherers,[4] it may expose them to much unnecessary trouble, vexation, and oppression; and though vexation is not, strictly speaking, expence, it is certainly equivalent to the expence at which every man would be willing to redeem himself from it. It is in some one or other of these four different ways that taxes [259] are frequently so much more burdensome to the people than they are beneficial to the sovereign.

The four maxims of taxation:

- Proportionality
- Certainty
- Convenience
- Expediency

CHAPTER III

Of publick Debts

54 The proprietor of land is interested for the sake of his own revenue to keep his estate in as good condition as he can, by building and repairing his tenants houses, by making and maintaining the necessary drains and enclosures, and all those other expensive improvements which it properly belongs to the landlord to make and maintain.[54] But by different land-taxes the re-[430]venue of the landlord may be so much diminished; and by different duties upon the necessaries and conveniencies of life, that diminished revenue may be rendered of so little real value, that he may find himself altogether unable to make or maintain those expensive improvements. When the landlord, however, ceases to do his part, it is altogether impossible that the tenant should continue to do his. As the distress of the landlord increases, the agriculture of the country must necessarily decline.

55 When, by different taxes upon the necessaries and conveniencies of life, the owners and employers of capital stock find, that whatever revenue they derive from it, will not, in a particular country, purchase the same quantity of those necessaries and conveniencies, which an equal revenue would in almost any other; they will be disposed to remove to some other.[55] And when, in order to raise those taxes, all or the greater part of merchants and manufacturers; that is, all or the greater part of the employers of great capitals, come to be continually exposed to the mortifying and vexatious visits of the tax-gatherers;[56] this disposition to remove will soon be changed into an actual removal. The industry of the country will

upon her.

59 [434] When national debts have once been accumulated to a certain degree, there is scarce, I believe, a single instance of their having been fairly and compleatly paid. The liberation of the publick revenue, if it has ever been brought about at all, has always been brought about by a bankruptcy; sometimes by an avowed one, but always by a real one, though frequently by a pretended payment.

End of Lecture

MPhil (Econ.) & MSc (Political Economy)

Dept. of Economics

National and Kapodistrian University of Athens

Lecture 6: Classical Political Economy: Malthus and Ricardo

Nicholas J. Theocharakis

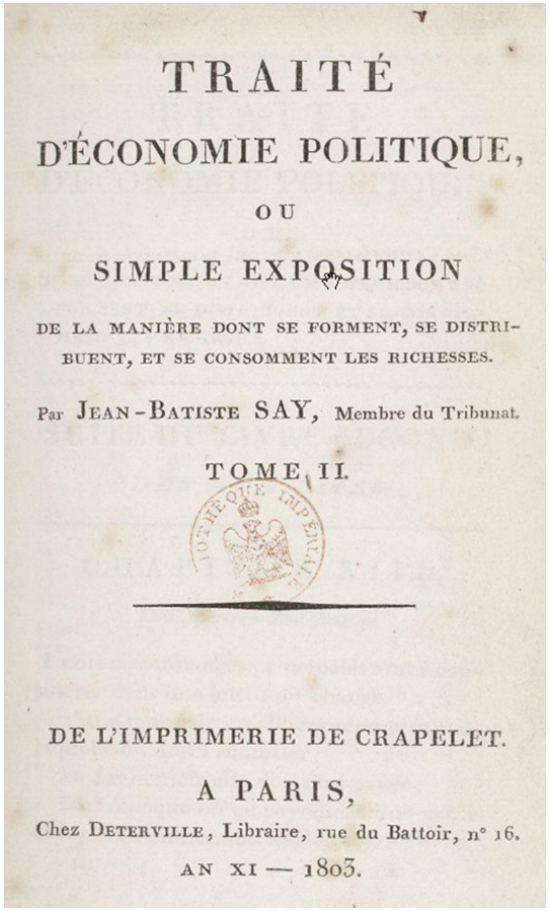
Objectives of Lecture

- Analyze the works of thinkers from Smith to Malthus and Ricardo
- Explain the theories of Malthus, especially the theory of population, value and excess supply
- Analyse the theories of Ricardo and in particular
  - differential rent
  - labour theory of value
  - comparative advantage
  - Ricardian equivalence

Contents

- Jean-Baptiste Say * Condorcet * William Godwin
- Thomas Robert Malthus
  - *Essay on Population*
  - *Principles of Political Economy*
  - Theory of value * Theory of gluts
- David Ricardo
  - *Essay on Profits* (Differential rent and theory of value)
  - *Principles of Political Economy and Taxation*
    - Labour theory of value
    - Comparative advantage
    - Ricardian equivalence

Jean-Baptiste Say (1767-1832)



TRAITÉ

D'ÉCONOMIE POLITIQUE,

OU

SIMPLE EXPOSITION

DE LA MANIÈRE DONT SE FORMENT, SE DISTRIBUENT, ET SE CONSOMMENT LES RICHESSES.

Par JEAN-BATISTE SAY, Membre du Tribunat.

TOME II.

DE L'IMPRIMERIE DE CRAPELET.

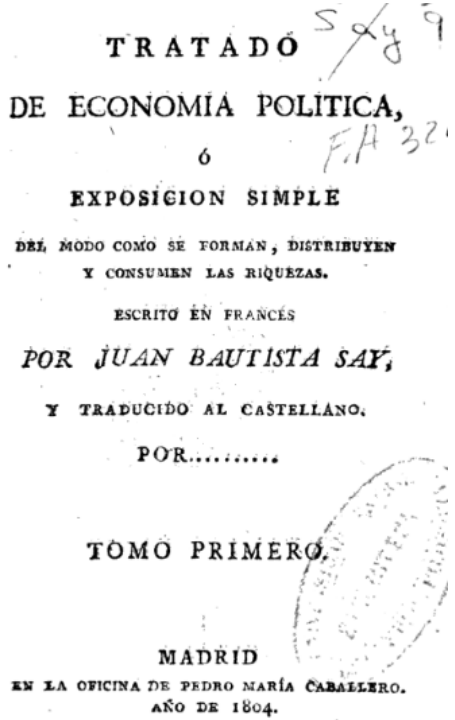
A PARIS,

Chez DETERVILLE, Libraire, rue du Battoir, n° 16.

AN XI — 1803.

Jean-Baptiste Say
Gravure de Godefroi Engelmann, d'après un dessin d'Achille Devéria (Bibliothèque nationale de France)

Jean-Baptiste Say (1767-1832)



TRATADO

DE ECONOMIA POLITICA,

Ó

EXPOSICION SIMPLE

DEL MODO COMO SE FORMAN, DISTRIBUYEN Y CONSUMEN LAS RIQUEZAS.

ESCRITO EN FRANCES

POR JUAN BAUTISTA SAY,

Y TRADUCIDO AL CASTELLANO,

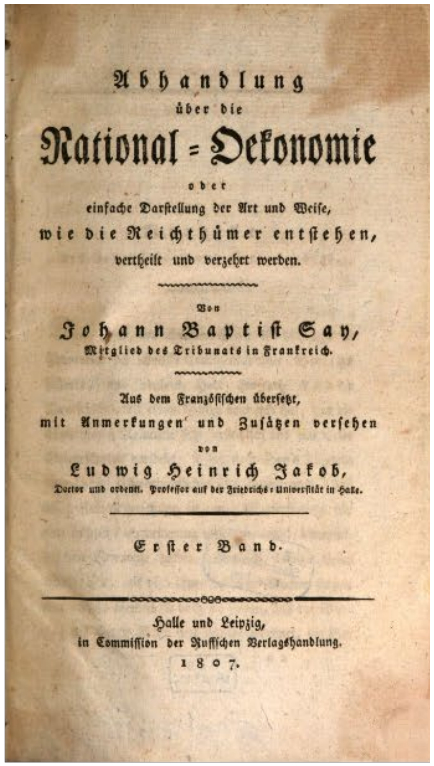
POR.....

TOMO PRIMERO.

MADRID

EN LA OFICINA DE PEDRO MARÍA CABALLERO.

AÑO DE 1804.



Abhandlung

über die

Rational = Oekonomie

oder

einfache Darstellung der Art und Weise,

wie die Reichthümer entstehen,

vertheilt und verzehrt werden.

Von

Johann Baptist Say,

Mitglied des Tribunats in Frankreich.

Aus dem Französischen übersetzt,

mit Anmerkungen und Zusätzen versehen

von

Ludwig Heinrich Jakob,

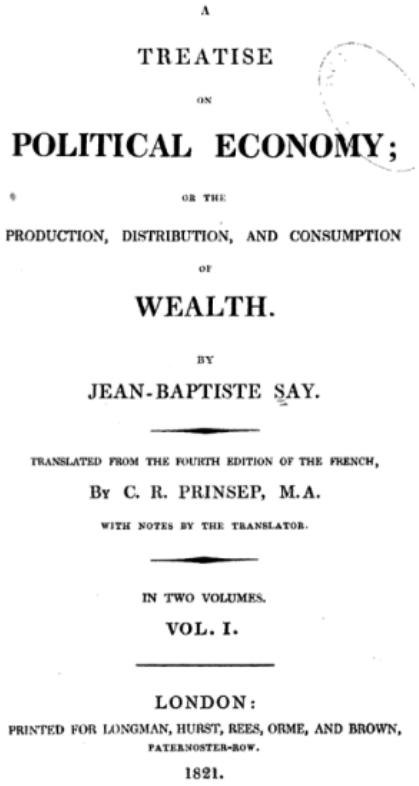
Doctor und ordentl. Professor auf der Friedrichs-Universität in Halle.

Erster Band.

Halle und Leipzig,

in Commission der Rußischen Verlagshandlung.

1807.



A

TREATISE

ON

POLITICAL ECONOMY;

OR THE

PRODUCTION, DISTRIBUTION, AND CONSUMPTION

OF

WEALTH.

BY

JEAN-BAPTISTE SAY.

TRANSLATED FROM THE FOURTH EDITION OF THE FRENCH,

By C. R. PRINSEP, M.A.

WITH NOTES BY THE TRANSLATOR.

IN TWO VOLUMES.

VOL. I.

LONDON:

PRINTED FOR LONGMAN, HURST, REES, ORME, AND BROWN,

PATERNOSTER-ROW.

1821.

ONTWIKKELING

VAN DE BEGINSELEN DER

STAATHUISHOUDKUNDE,

EENVOUDIGE VERKLARING

VAN DE WIJZE, WAAROP DE RIJKDOM VOORTGEBRAGT, VERDEELD EN VERBRUIKT WORDT

DOOR

JEAN-BAPTISTE SAY.

(NAAR HET FRANSCH.)

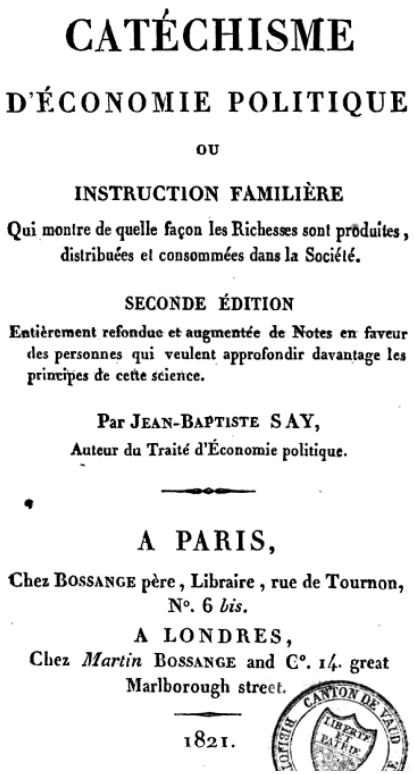
Eerste Gedeelte.

DEVENTER,

J. DE LANGE.

1857.

Jean-Baptiste Say (1767-1832)



CATÉCHISME

D'ÉCONOMIE POLITIQUE

OU

INSTRUCTION FAMILIÈRE

Qui montre de quelle façon les Richesses sont produites, distribuées et consommées dans la Société.

SECONDE ÉDITION

Entièrement refondue et augmentée de Notes en faveur des personnes qui veulent approfondir davantage les principes de cette science.

Par JEAN-BAPTISTE SAY,

Auteur du Traité d'Économie politique.

A PARIS,

Chez BOSSANGE père, Libraire, rue de Tournon, N°. 6 *bis*.

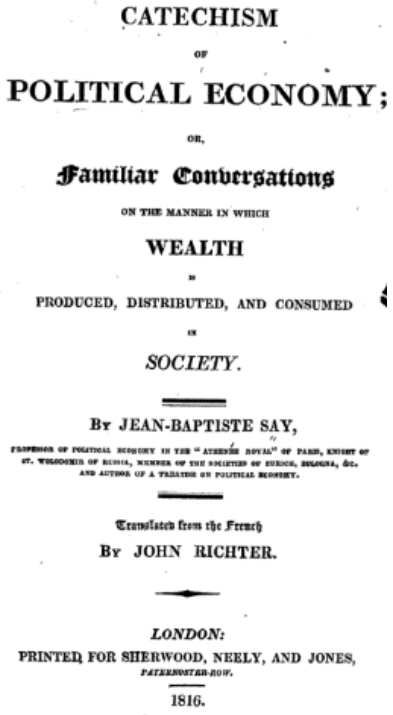
A LONDRES,

Chez *Martin* BOSSANGE and C°. 14. great Marlborough street.

1821.

1st edition 1815

Jean-Baptiste Say (1767-1832)



CATECHISM

OF

POLITICAL ECONOMY;

OR,

Familiar Conversations

ON THE MANNER IN WHICH

WEALTH

IS

PRODUCED, DISTRIBUTED, AND CONSUMED

IN

SOCIETY.

By JEAN-BAPTISTE SAY,

PROFESSOR OF POLITICAL ECONOMY IN THE "ATHENÉE ROYAL" OF PARIS, KNIGHT OF ST. WOLODOMIR OF RUSSIA, MEMBER OF THE SOCIETIES OF EUROPE, BOLOGNA, &c. AND AUTHOR OF A TREATISE ON POLITICAL ECONOMY.

Translated from the French

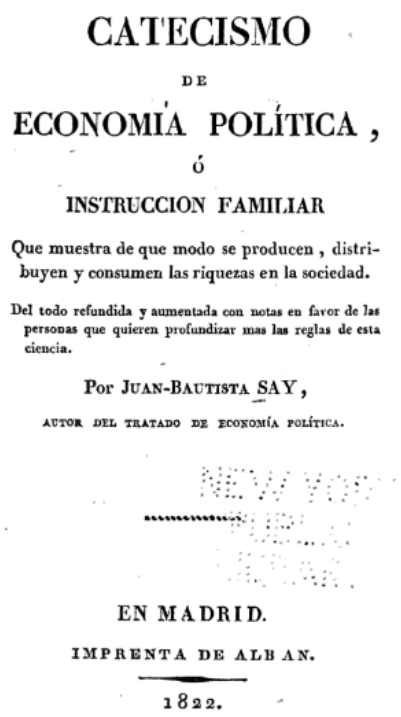
By JOHN RICHTER.

LONDON:

PRINTED FOR SHERWOOD, NEELY, AND JONES,

PATERNOSTER-ROW.

1816.



CATECISMO

DE

ECONOMIA POLÍTICA,

Ó

INSTRUCCION FAMILIAR

Que muestra de que modo se producen, distribuyen y consumen las riquezas en la sociedad.

Del todo refundida y aumentada con notas en favor de las personas que quieren profundizar mas las reglas de esta ciencia.

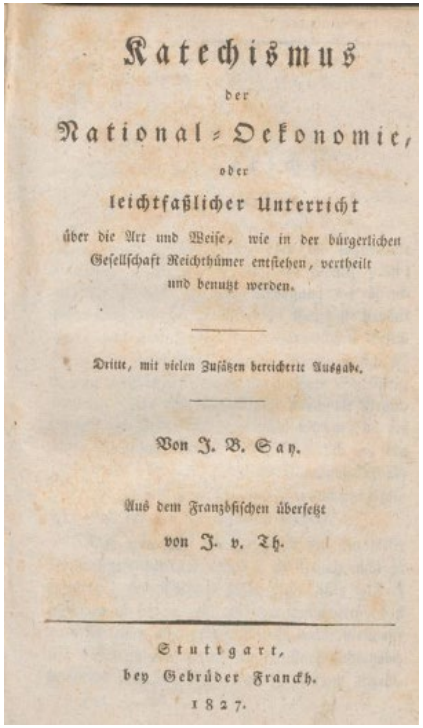
Por JUAN-BAUTISTA SAY,

AUTOR DEL TRATADO DE ECONOMÍA POLÍTICA.

EN MADRID.

IMPRENTA DE ALBAN.

1822.



Katechismus

der

National-Oekonomie,

oder

leichtfaßlicher Unterricht

über die Art und Weise, wie in der bürgerlichen Gesellschaft Reichthümer entstehen, vertheilt und benutzt werden.

Dritte, mit vielen Zusätzen bereicherte Ausgabe.

Von J. B. Say.

Aus dem Französischen übersetzt

von J. v. Th.

Stuttgart,

bey Gebrüder Franckh.

1827.

CATECHISMO

DI

ECONOMIA POLITICA

OSSIA

ISTRUZIONE FAMILIARE

INTORNO AL MODO CON CUI LE RICCHEZZE SONO PRODOTTE, DISTRIBUITE E CONSUMATE

OPERA

Poggiata sui fatti, ed utile alle differenti classi di persone in quanto che mostra i vantaggi che ognuno può ricavare dalla sua situazione e da' suoi talenti

DI

GIO: BATTISTA SAY

AUTORE DEL TRATTATO DI ECONOMIA POLITICA

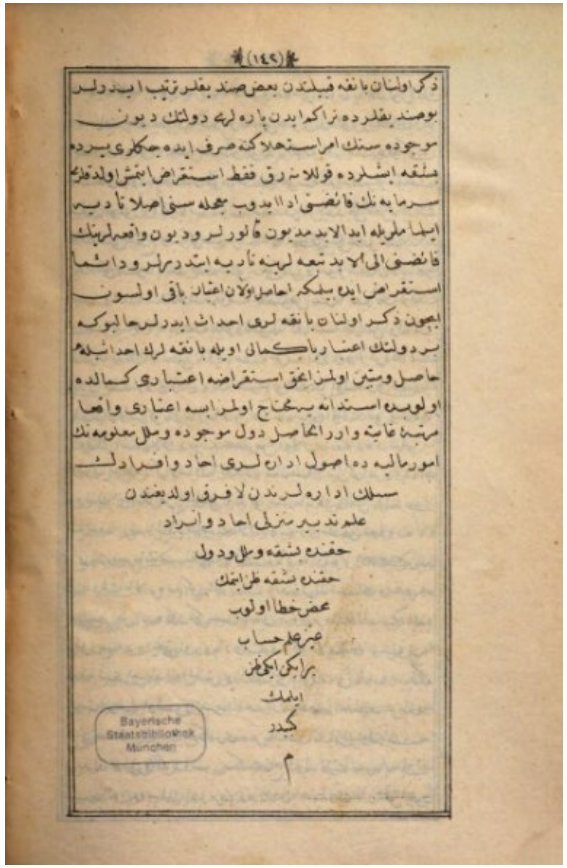
Recata nell' Italiana favella.

NAPOLI 1817.

PRESSO GIOVANNI DE BONIS

Si vende nel Gabinetto letterario al largo del Gesù nuovo.

Jean-Baptiste Say (1767-1832)



CATHECISMO
DE
ECONOMIA POLITICA,
OU
INSTRUCÇÃO FAMILIAR,
QUE MOSTRA DE QUE MODO SÃO PRODUZIDAS AS RIQUEZAS, COMO SÃO DISTRIBUIDAS E CONSUMIDAS NA SOCIEDADE.
Obra fundada sobre factos, e util a todas as classes de pessoas, porque indica as vantagens que cada qual pode tirar da sua situação, e dos seus talentos.
POR
JOÃO BAPTISTA SAY,
Author do Tratado de Economia Politica.
TRADUZIDO DO FRANCEZ.
POR J. B. R.
E DADO A' LUZ
POR J. DA C. N.
LISBOA,
NA IMPRESSÃO LIBERAL.
ANNO DE 1822.

ΠΟΛΙΤΙΚΗΣ ΟΙΚΟΝΟΜΙΑΣ
ΚΑΤΗΧΗΣΙΣ.
ΗΤΟΙ
ΟΙΚΙΑΚΗ ΔΙΔΑΣΚΑΛΙΑ
Περὶ τοῦ πῶς γεννῶνται, διανέμονται καὶ ἀναλίσκονται εἰς τὴν Κοινωνίαν τὰ Χρήματα.
Μεθ' ἣν ἔπονται
Σημειώσεις πρὸς ὠφέλειαν τῶν θελόντων νὰ ἐμβαθύνωσι πλειότερον εἰς τὰς ἀρχὰς τῆς ἐπιστήμης ταύτης.
Παρὰ ΙΩ. ΒΑΠΤΙΣΤΟΥ ΣΑΗ.
Μεταφρασθεῖσα ἐκ τοῦ Γαλλικοῦ
Παρὰ Γ. ΧΡΥΣΗΙΔΟΥ.
ΕΝ ΑΙΓΙΝΗ.
1828

Jean-Baptiste Say (1767-1832)

L'homme dont l'industrie s'applique à donner de la valeur aux choses en leur créant un usage quelconque, ne peut espérer que cette valeur sera appréciée et payée, que là ou d'autres hommes auront les moyens d'en faire l'acquisition. Ces moyens, en quoi consistent-ils? En d'autres valeurs, d'autres produits, fruits de leur industrie, de leurs capitaux, de leurs terres : d'où il résulte, quoiqu'au premier aperçu cela semble un paradoxe, que c'est la production qui ouvre des débouchés aux produits.

étole ou un surplis, mais tout autre produit plus utile. La consommation qui a été faite du produit appelé surplis, a eu lieu aux dépens d'une autre consommation. De toute manière, l'achat d'un produit ne peut être fait qu'avec la valeur d'un autre '.

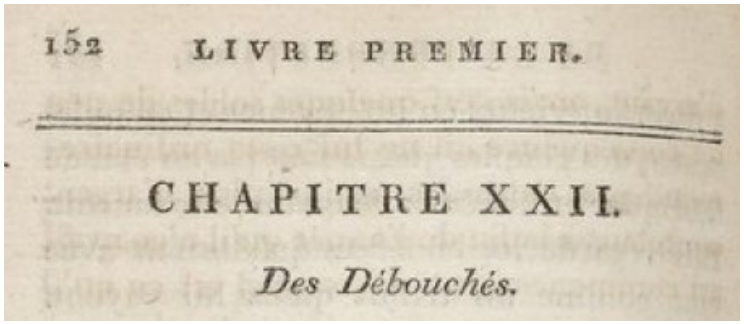
non plus. Or, on ne peut se défaire de son argent qu'en demandant à acheter un produit quelconque. On voit donc que le fait seul de la formation d'un produit ouvre, dès l'instant même, un débouché à d'autres produits.

6th edition 1841

LIVRE PREMIER. — CHAPITRE XV.

CHAPITRE XV.

Des débouchés.


152 LIVRE PREMIER.

CHAPITRE XXII.

Des Débouchés.

- The harmony of markets.
- There is no case of generalized oversupply
- Say's Law: "Supply creates its demand"

Nicolas de Condorcet (1743-1794)

Marie Jean Antoine Nicolas de Caritat, Marquis de Condorcet

TABLEAU GÉNÉRAL

De la Science, qui a pour objet l'application du calcul aux ſciences politiques & morales.

(106)

En Hollande, le célèbre Jean de Witt, diſciple de Deſcartes, & en Angleterre, le chevalier Petti, donnèrent les premiers eſſais de cette ſcience dans le ſiécle dernier, à-peu-près à l'époque où Fermat & Paſcal créoient le calcul des probabilites, qui en eſt une des premières baſes, & n'oſoient l'appliquer qu'aux jeux de haſard, ou n'avoient pas même eu l'idée de l'employer à des uſages plus importans & plus utiles.

Maintenant l'étendue de ces applications permet de les regarder comme formant une ſcience à part, & je vais eſſayer d'en tracer le tableau.

Comme toutes ces applications ſont immédiatement relatives aux intérêts ſociaux, ou à l'analyſe des opérations de l'eſprit humain, & que, dans ce dernier cas, elles n'ont encore pour objet que l'homme perfectionné par la ſociété, j'ai cru que le nom de *mathématique ſociale* étoit celui qui convenoit le mieux à cette ſcience.

Nicolas de Condorcet (1743-1794)

OBJETS

DE LA MATHÉMATIQUE SOCIALE.

I.

L'HOMME.

1. L'Homme individu.
2. Les opérations de l'eſprit humain.

II.

LES CHOSES.

Réduction des choſes à une meſure commune. Calcul des valeurs (1).

III.

L'HOMME ET LES CHOSES.

Méthode de la Science.

1.

Détermination des faits.

1. Faits obſervés. 2. Faits hypothétiques.

1. Enumération des faits. 2. Claſſification des faits.
(3) Combinaiſons (2).
Probabilité des faits (4).

2.

Appréciation des faits.
Formation & uſages des valeurs.
Moyens. 5.
Leur probabilité (4).

3.

Réſultat des faits.

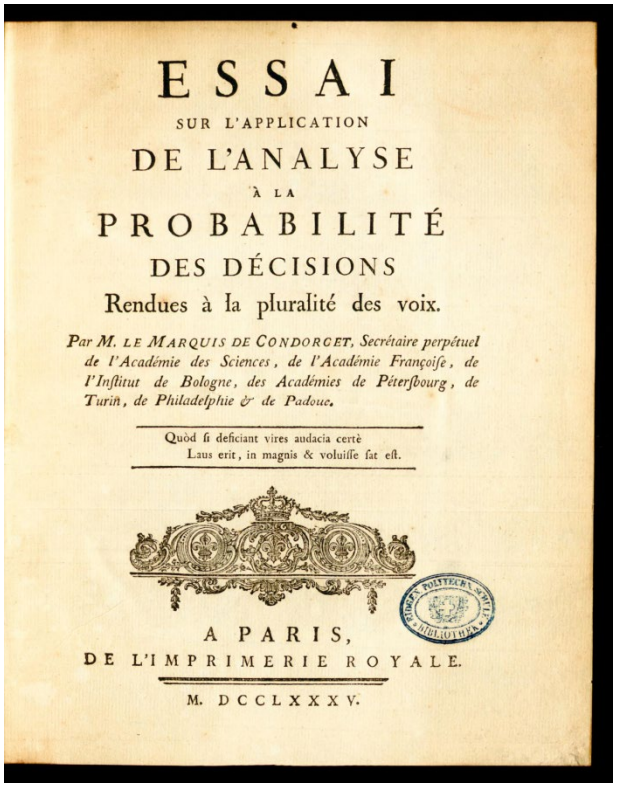
Probabilité des réſultats (4).

Théories préliminaires qui doivent précéder les applications.

1. Théorie des grandeurs ſuſceptibles d'accroiſſemens proportionnels.
2. Théorie des Combinaiſons.
3. Méthode de déduire des faits individuels obſervés, ſoit les faits généraux qui en réſultent, ſoit les loix générales qui y ſont obſervées.
4. Théorie générale des Probabilités.
5. Théorie générale des Valeurs moyennes.

Cependant la détermination de cette meſure commune, telle qu'elle réſulte des beſoins de l'homme & des loix de la ſociété, eſt bien éloignée de cette préciſion, de cette invariabilité qu'exige une véritable ſcience, & la théorie de la réduction des valeurs à une meſure commune devient une partie néceſſaire de la mathématique ſociale.

Nicolas de Condorcet (1743-1794)



ESSAI

SUR L'APPLICATION

DE L'ANALYSE

À LA

PROBABILITÉ

DES DÉCISIONS

Rendues à la pluralité des voix.

Par M. le Marquis de Condorcet, Secrétaire perpétuel de l'Académie des Sciences, de l'Académie Françoise, de l'Institut de Bologne, des Académies de Pétersbourg, de Turin, de Philadelphie & de Padoue.

Quòd ſi deficiant vires audacia certè
Laus erit, in magnis & voluiſſe ſat eſt.

A PARIS,

DE L'IMPRIMERIE ROYALE.

M. DCCLXXXV.

Condorcet Paradox

SOCIAL CHOICE
AND INDIVIDUAL VALUES

By

KENNETH J. ARROW

JOHN WILEY & SONS, INC., NEW YORK
CHAPMAN & HALL, LIMITED, LONDON
1951

Arrow Paradox

Nicolas de Condorcet (1743-1794)

ESQUISSE

D'UN

TABLEAU HISTORIQUE

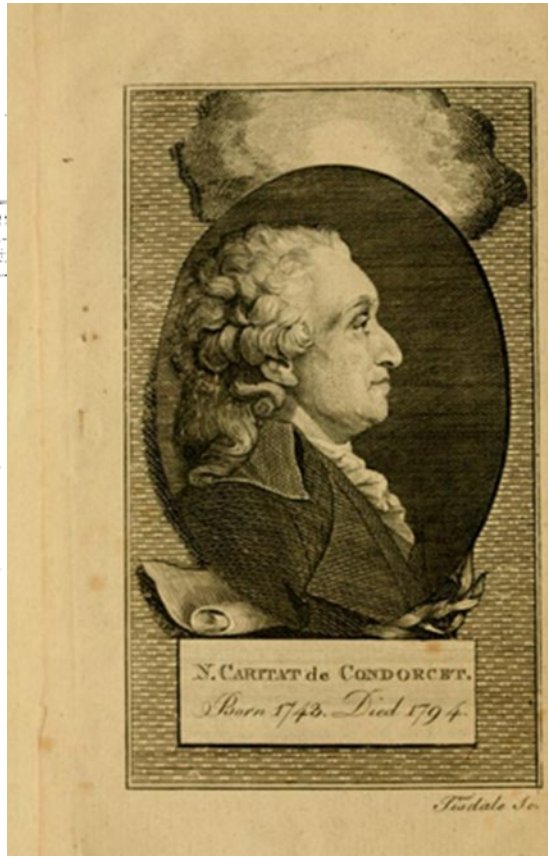
DES PROGRÈS DE L'ESPRIT HUMAIN.

Ouvrage posthume de CONDORCET.

A PARIS,

Chez AGASSE, rue des Poitevins, N°. 13.

L'AN III. DE LA RÉPUBLIQUE, UNE ET INDIVISIBLE.



OUTLINES

OF AN

HISTORICAL VIEW

OF THE

PROGRESS OF THE HUMAN MIND:

BEING A POSTHUMOUS WORK OF THE LATE

M. DE CONDORCET.

TRANSLATED FROM THE FRENCH.

LONDON:

PRINTED FOR J. JOHNSON, IN ST. PAUL'S CHURCH-YARD.

1795.

Nicolas de Condorcet (1743-1794)

TENTH EPOCH.

Future Progreſs of Mankind.

Our hopes, as to the future condition of the human ſpecies, may be reduced to three points: the deſtruction of inequality between different nations; the progreſs of equality in one and the ſame nation; and laſtly, the real improvement of man.

Three principal cauſes may be aſſigned for theſe diſtinctions: inequality of wealth, inequality of condition between him whoſe reſources of ſubſiſtance are ſecured to himſelf and deſcendable to his family, and him whoſe reſources are annihilated with the termination of his life, or rather of that part of his life in which he is capable of labour; and laſtly, inequality of inſtruction.

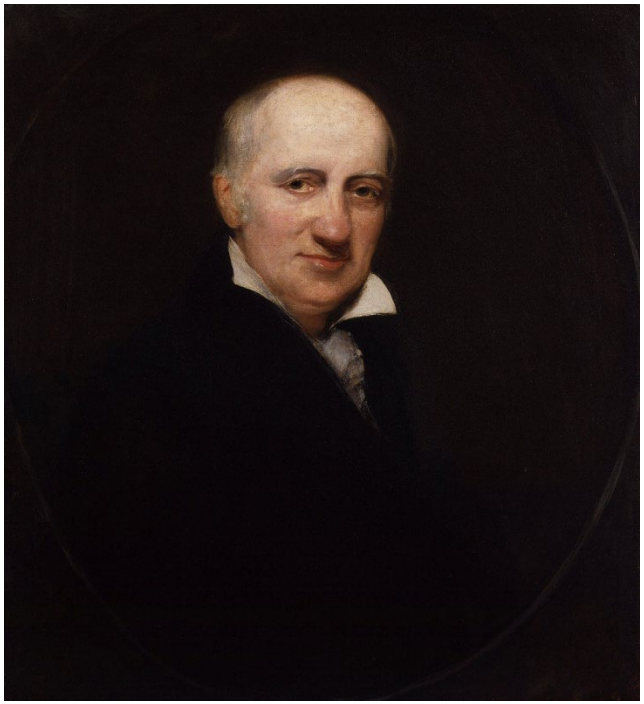
In a word, will not men be continually verging towards that ſtate, in which all will poſſeſs the requiſite knowledge for conducting themſelves in the common affairs of life by their own reaſon, and of maintaining that reaſon uncontaminated by prejudices; in which they will underſtand their rights, and exerciſe them according to their opinion and their conſcience; in which all will be able, by the developement of their faculties, to procure the certain means of providing for their wants;

laſtly, in which folly and wretchedneſs will be accidents, happening only now and then, and not the habitual lot of a conſiderable portion of ſociety?

Nicolas de Condorcet (1743-1794)

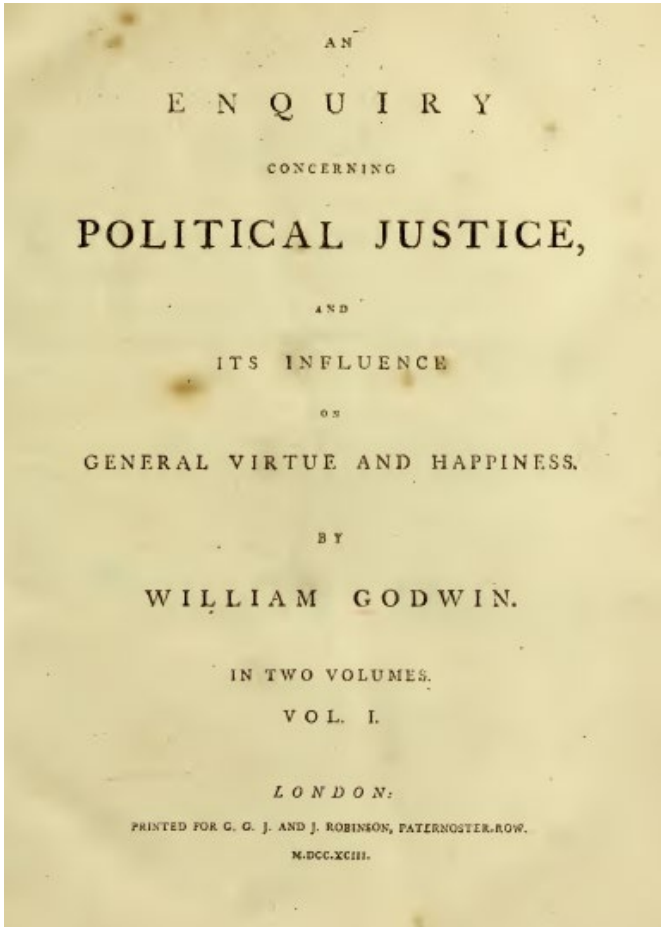
In examining he three queſtions we have enumerated, we ſhall find the ſtrongeſt reaſons to believe, from paſt experience, from obſervation of the progreſs which the ſciences and civilization have hitherto made, and from the analyſis of the march of the human underſtanding, and the developement of its faculties, that nature has fixed no limits to our hopes.

William Godwin (1756–1836)



William Godwin
by Henry William Pickersgill

One of the first theorists of anarchism



AN

ENQUIRY

CONCERNING

POLITICAL JUSTICE,

AND

ITS INFLUENCE

ON

GENERAL VIRTUE AND HAPPINESS.

BY

WILLIAM GODWIN.

IN TWO VOLUMES.

VOL. I.

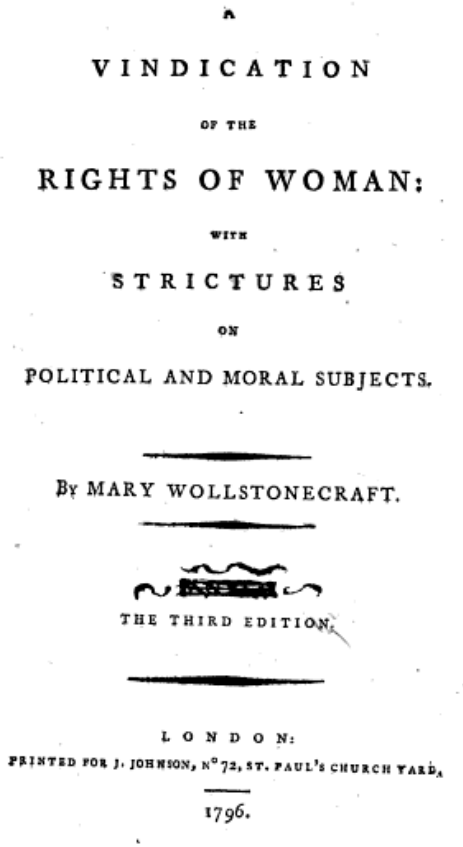
LONDON:

PRINTED FOR G. G. J. AND J. ROBINSON, PATERNOSTER-ROW.

M.DCC.XCIII.

William Godwin (1756–1836)

Mary Wollstonecraft (1759–1797)
John Opie, National Portrait Gallery



A

VINDICATION

OF THE

RIGHTS OF WOMAN:

WITH

STRICTURES

ON

POLITICAL AND MORAL SUBJECTS.

By MARY WOLLSTONECRAFT.

THE THIRD EDITION.

LONDON:

PRINTED FOR J. JOHNSON, N° 72, ST. PAUL'S CHURCH YARD.

1796.

One of the first “feminists", partner of Godwin

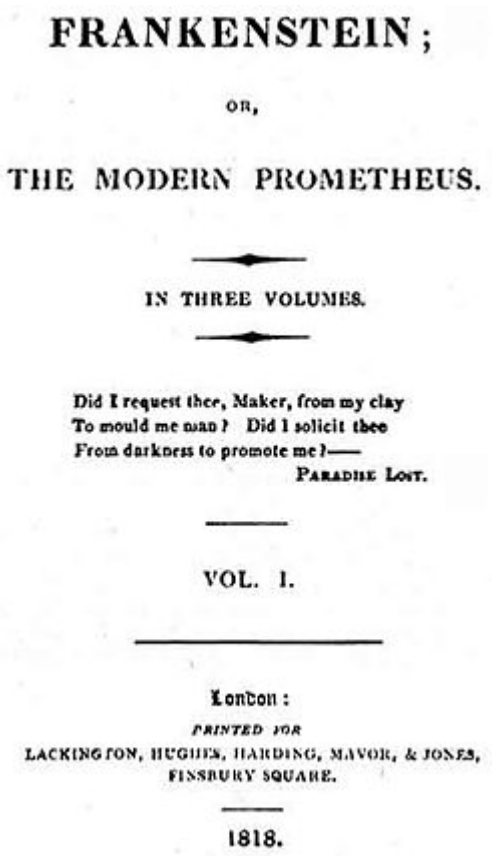
William Godwin (1756–1836)

Mary Shelley
(1797-1851)
by Richard Rothwell,
oil on canvas, 1840, NPG

Daughter of Wollstonecraft and Godwin, author of Frankenstein

Percy Bysshe Shelley
(1792-1822)
by Amelia Curran
oil on canvas, 1819, NPG

One of the greatest English Romantic poets



FRANKENSTEIN;

OR,

THE MODERN PROMETHEUS.

IN THREE VOLUMES.

Did I request thee, Maker, from my clay
To mould me man? Did I solicit thee
From darkness to promote me?—
PARADISE LOST.

VOL. I.

London:
PRINTED FOR
LACKINGTON, HUGHES, HARDING, MAVOR, & JONES,
FINSBURY SQUARE.

1818.

William Godwin (1756–1836)

BOOK I. CHAP. V.

hardly be known but by report. If every man could with perfect facility obtain the neceſſaries of life, and, obtaining them, feel no uneaſy craving after its ſuperfluities, temptation would loſe its power. Private intereſt would viſibly accord with public good; and civil ſociety become all that poetry has feigned of the golden age. Let us enquire into the principles to which theſe evils owe their exiſtence, and the treatment by which they may be alleviated or remedied.

originate, 1. in extreme poverty.

Firſt then it is to be obſerved, that, in the moſt refined ſtates of Europe, the inequality of property has ariſen to an alarming height. Vaſt numbers of their inhabitants are deprived of almoſt every accommodation that can render life tolerable or ſecure. Their utmoſt induſtry ſcarcely ſuffices for their ſupport. The women and children lean with an inſupportable weight upon the efforts of the man, ſo that a large family has in the lower order of life become a proverbial expreſſion for an uncommon degree of poverty and wretchedneſs. If ſickneſs or ſome of thoſe caſualties which are perpetually incident to an active and laborious life, be ſuperadded to theſe burthens, the diſtreſs is yet greater.

A ſecond ſource of thoſe deſtructive paſſions by which the peace of ſociety is interrupted, is to be found in the luxury, the pageantry and magnificence with which enormous wealth is uſually accompanied. Human beings are capable of encoun-

2. in the oſtentation of the rich:

3. in their tyranny:

A third diſadvantage that is apt to connect poverty with diſcontent conſiſts in the inſolence and uſurpation of the rich.

Firſt then, legiſlation is in almoſt every country groſsly the favourer of the rich againſt the poor. Such is the character of

1. by legiſlation:

2. by the adminiſtration of law:

Secondly, the adminiſtration of law is not leſs iniquitous than the ſpirit in which it is framed. Under the late government of France the office of judge was a matter of purchaſe, partly by an

Thirdly, the inequality of conditions uſually maintained by political inſtitution, is calculated greatly to enhance the imagined excellence of wealth. In the ancient monarchies of the eaſt,

3. by the inequality of conditions.

William Godwin (1756–1836)

CHAP. VI.

HUMAN INVENTIONS CAPABLE OF PERPETUAL IMPROVEMENT.

PERFECTIBILITY OF MAN—INSTANCED, FIRST, IN LAN-

THE ſubject of property is the key ſtone that completes the fabric of political juſtice. According as our ideas reſpecting it are crude or correct, they will enlighten us as to the conſequences of a *ſimple form of ſociety without government*, and remove the prejudices that attach us to complexity. There is nothing that more powerfully tends to diſtort our *judgment* and *opinions*, than erroneous notions concerning the goods of fortune. Finally, the period that ſhall put an end to the ſyſtem of *coercion* and *puniſhment*, is intimately connected with the circumſtance of property's being placed upon an equitable baſis.

What is the criterion that muſt determine whether this or that ſubſtance, capable of contributing to the benefit of a human being, ought to be conſidered as your property or mine? To this queſtion there can be but one anſwer—Juſtice. Let us then recur to the principles of juſtice *.

To whom does any article of property, ſuppoſe a loaf of bread, juſtly belong? To him who moſt wants it, or to whom the poſſeſſion of it will be moſt beneficial. Here are ſix men famiſhed with hunger, and the loaf is, abſolutely conſidered, capable of ſatisfying the cravings of them all. Who is it that has a reaſonable claim to benefit by the qualities with which this loaf is endowed? They are all brothers perhaps, and the law of primogeniture beſtows it excluſively on the eldeſt. But does juſtice confirm this award? The laws of different countries diſpoſe of property in a thouſand different ways; but there can be but one way which is moſt conformable to reaſon.

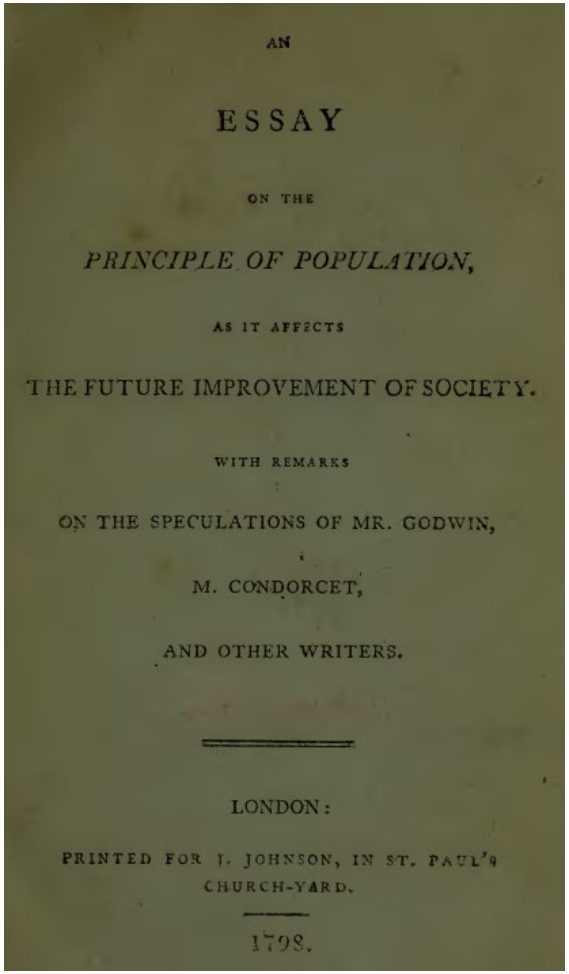
Perfectibility: People's fate can be made better if institutions change

Thomas Robert Malthus (1766-1834)

Thomas Robert Malthus (1766-1834)

The Revd T. R. Malthus M.A. F.R.S.
Professor of History & Political Economy at the East India College
and Author of an Essay on the principle of Population &c. &c.

by John Linnell, mezzotint, 1834, NPG


AN

ESSAY

ON THE

PRINCIPLE OF POPULATION,

AS IT AFFECTS

THE FUTURE IMPROVEMENT OF SOCIETY.

WITH REMARKS

ON THE SPECULATIONS OF MR. GODWIN,

M. CONDORCET,

AND OTHER WRITERS.

LONDON:

PRINTED FOR J. JOHNSON, IN ST. PAUL'S CHURCH-YARD.

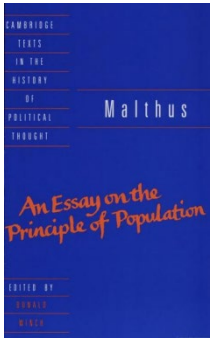
1798.

Thomas Robert Malthus (1766-1834)

Principal events in the life of Robert Malthus

1766	Born at The Rookery, Wooton, Surrey, 13 February. Seventh child and second son of Daniel Malthus.
1782–4	Educated by Gilbert Wakefield at the Dissenting Academy at Warrington and later at Wakefield's home in Bramcote, Nottinghamshire.
1784–8	Undergraduate at Jesus College, Cambridge, where he graduated as Ninth Wrangler in the Mathematics Tripos.
1789	Ordained as Deacon and appointed curate of Okewood, near his parent's home in Surrey.
1793	Appointed Fellow of Jesus College.
1796	Wrote 'The Crisis, a View of the Present Interesting State of Great Britain, by a Friend to the Constitution' (unpublished).
1798	First *Essay on Population* published anonymously.
1799	Travel in Norway, Sweden, and Germany with friends, also collecting additional material on population.
1800	Published *An Investigation of the Causes of the High Price of Provisions.*
1803	Second and much enlarged edition of *Essay on Population.* Appointed Rector of Walesby, Lincolnshire, a living which he retained throughout his life, paying a curate to carry out the duties.
1804	Married Harriet Eckersall: first of their three children born.
1805	Appointed first Professor of General History, Politics, Commerce and Finance at East India College, Haileybury, an establishment designed to train civil servants prior to service in India.
1807	Published *A Letter to Samuel Whitbread* criticizing Whitbread's proposals for the Poor Law.
1811	Beginning of correspondence and friendship with David Ricardo.
1814	Published *Observations on the Effects of the Corn Laws*, in which he adopted an impartial approach to the merits of free trade and protection.
1815	Published *An Inquiry into the Nature and Progress of Rent* and *The Grounds of an Opinion on the Policy of Restricting the Importation of Foreign Corn*, the latter expressing a 'deliberate, yet decided opinion' in favour of import restrictions.
1820	Published *Principles of Political Economy Considered with a View to their Practical Application*, a work partly designed to embody the conclusions he had reached as a result of teaching political economy at Haileybury, and partly to answer David Ricardo's *Principles*.
1823	Published *The Measure of Value Stated and Illustrated* and the article on 'Population' for *Encyclopaedia Britannica*, later reissued as *A Summary View of the Principle of Population* (1830).
1826	Published sixth and final edition of *Essay on Population.*
1827	Published *Definitions in Political Economy.*
1834	Founder member of London Statistical Society.
1834	Died 29 December, buried in Bath Abbey.

An essay on the principle of population: by T.R. Malthus ; selected and introduced by Donald Winch, Cambridge UP, 1992



Thomas Robert Malthus (1766-1834)

PRINCIPAL WORKS

1798. *An Essay on the Principle of Population, as it Affects the Future Improvement of Society, with Remarks on the Speculations of Mr. Godwin, M. Condorcet, and other Writers*, (London: J. Johnson). Subsequent editions 1803, 1806, 1807, 1817, 1826.

1800. *An Investigation of the Cause of the Present High Price of Provisions* (London: J. Johnson).

1807. *A Letter to Samuel Whitbread, Esq. M.P. on His Proposed Bill for the Amendment of the Poor Laws* (London: J. Johnson and J. Hatchard).

1808. 'Spence on Commerce', *Edinburgh Review*, 11, January, pp. 429-48.

1808. 'Newneham and Others on the State of Ireland', *Edinburgh Review,* 12, July, pp. 336-55.

1809. 'Newneham on the State of Ireland', *Edinburgh Review,* 14, April, pp. 151-70.

1811. 'Depreciation of Paper Currency', *Edinburgh Review,* 17, February, pp. 340-72.

1812. 'Pamphlets on the Bullion Question', *Edinburgh Review,* 18, August, pp. 448-70.

1813. *A Letter to the Rt. Hon. Lord Grenville* ... (London: J. Johnson).

1814. *Observations on the Effect of the Corn Laws* ... (London: J. Johnson).

1815. *An Inquiry into the Nature and Progress of Rent* … (London: John Murray).

1815. *The Grounds of an Opinion on the Policy of Restricting the Importation of Foreign Corn* … (London: John Murray).

Thomas Robert Malthus (1766-1834)

1817. *Statement Respecting the East-India College* … (London: John Murray).

1820. *Principles of Political Economy: Considered with a View to Their Practical Application* (London: John Murray). Second edition 1836.

1821. 'Godwin on Malthus', *Edinburgh Review*, 35, July, pp. 362-77.

1823. *The Measure of Value Stated and Illustrated* … (London: John Murray).

1823. 'Population' in *Supplement to the Fourth, Fifth and Sixth Editions of the Encyclopaedia Britannica.*

1823. 'Tooke – On High and Low Prices', *Quarterly Review*, 29(57), April, pp. 214-39.

1824. 'Political Economy', *Quarterly Review*, 30(60), January, pp. 297-334.

1827. *Definitions in Political Economy* … (London: John Murray)

1829. 'On the Measure of the Conditions Necessary to the Supply of Commodities', in *Transactions of the Royal Society of Literature of the United Kingdom*, Vol. 1 (London: John Murray), pp. 171-80.

1829. 'On the Meaning Which is Most Usually and Most Correctly Attached to the Term "Value of a Commodity"', in *Transactions of the Royal Society of Literature of the United Kingdom*, Vol. 2 (London: John Murray), pp. 74-81.

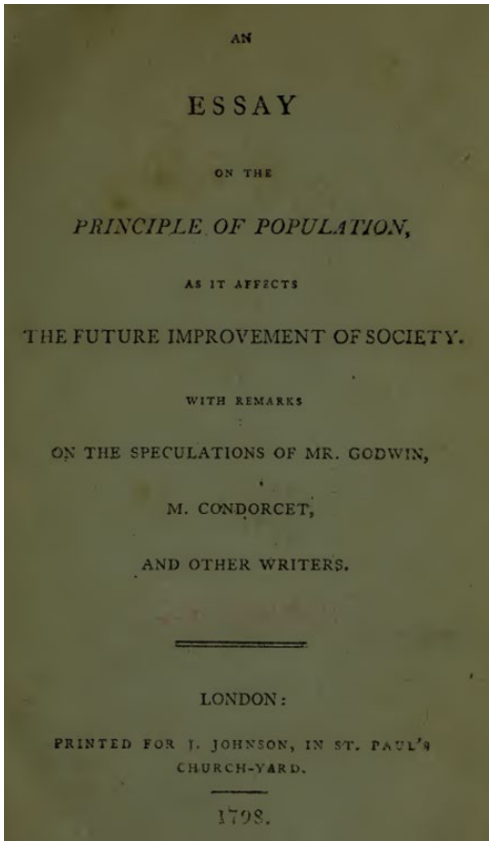
1830. *A Summary View of the Principle of Population* (London: John Murray).

Geoffrey M. Hodgson, "MALTHUS, Thomas Robert (1766-1834)", *Biographical Dictionary of British Economists*, edited by Donald Rutherford (Bristol: Thoemmes Continuum), 2004.

Thomas Robert Malthus (1766-1834)

Theory of population

Thomas Robert Malthus (1766-1834)


AN

ESSAY

ON THE

PRINCIPLE OF POPULATION,

AS IT AFFECTS

THE FUTURE IMPROVEMENT OF SOCIETY.

WITH REMARKS

ON THE SPECULATIONS OF MR. GODWIN,

M. CONDORCET,

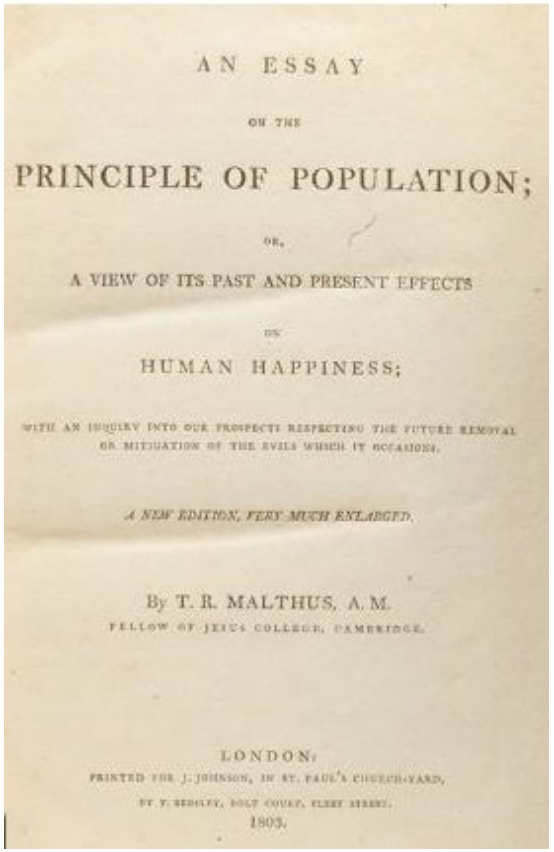
AND OTHER WRITERS.

LONDON:

PRINTED FOR J. JOHNSON, IN ST. PAUL'S CHURCH-YARD.

1798.

Essay on the Principle of Population
1st anonymous edition, 1798


AN ESSAY

ON THE

PRINCIPLE OF POPULATION;

OR,

A VIEW OF ITS PAST AND PRESENT EFFECTS

ON

HUMAN HAPPINESS;

WITH AN INQUIRY INTO OUR PROSPECTS RESPECTING THE FUTURE REMOVAL OR MITIGATION OF THE EVILS WHICH IT OCCASIONS.

A NEW EDITION, VERY MUCH ENLARGED.

By T. R. MALTHUS, A. M.

FELLOW OF JESUS COLLEGE, CAMBRIDGE.

LONDON:

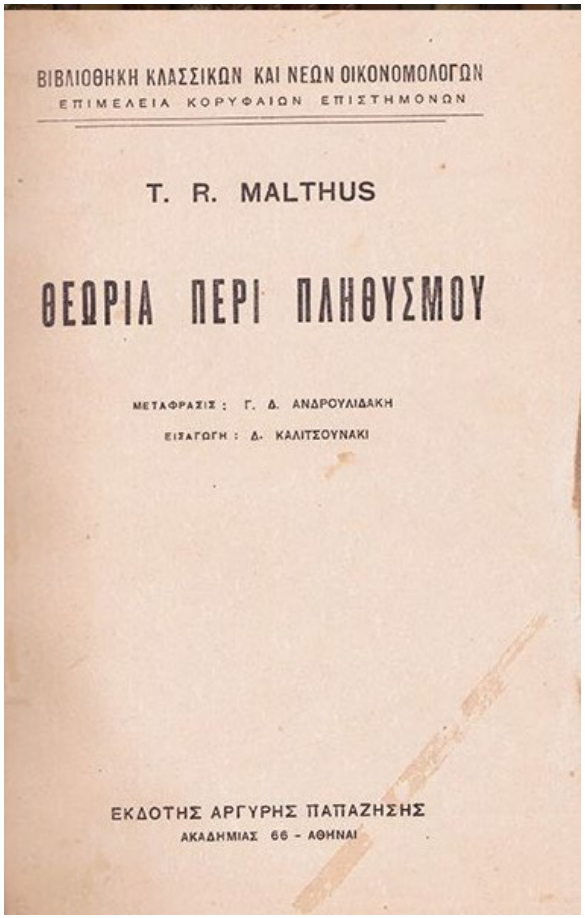
PRINTED FOR J. JOHNSON, IN ST. PAUL'S CHURCH-YARD,

BY T. BENSLEY, BOLT COURT, FLEET STREET.

1803.

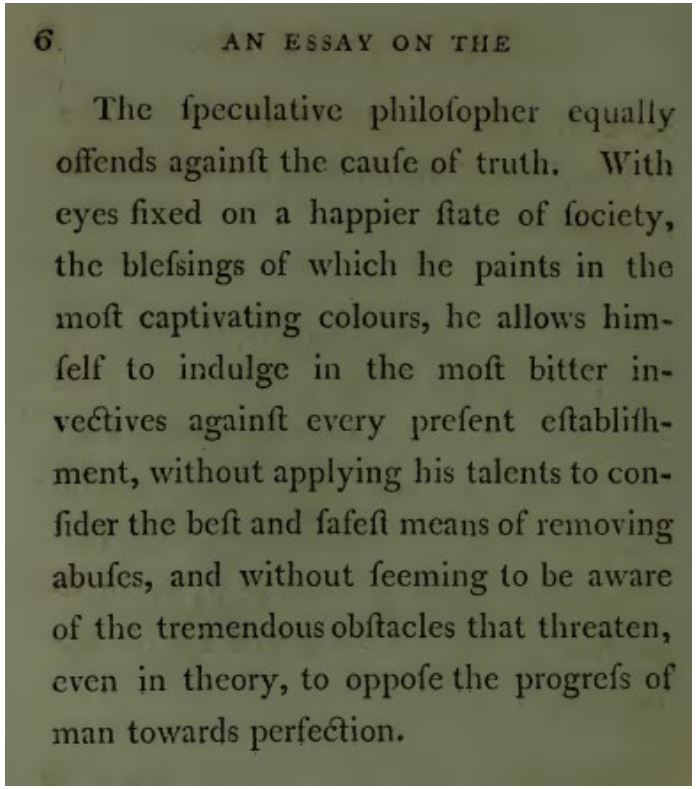
2nd "very much enlarged" edition, 1803.
Four more editions followed with minor changes, the last one (6th) in 1826

Thomas Robert Malthus (1766-1834)



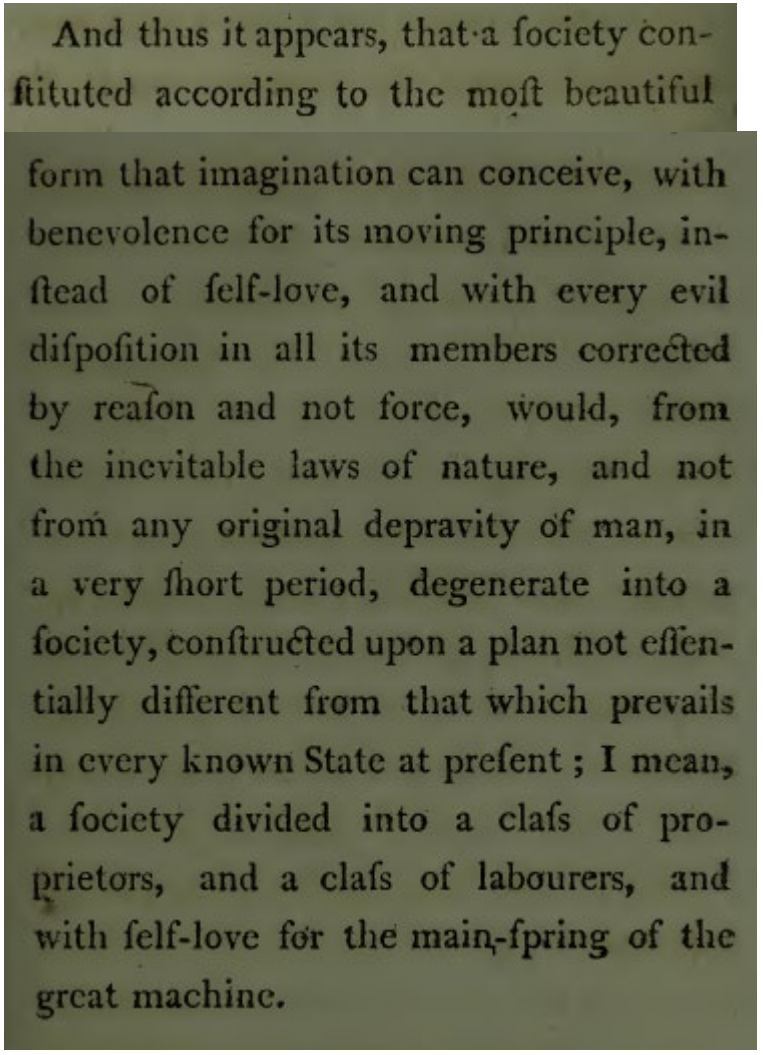
Θεωρία περί πληθυσμοῦ / T. R. Malthus. Μετάφρασις Γ. Δ. Ἀνδρουλιδάκη, εἰσαγωγή Δ. Καλιτσουνάκη. Ἀθῆναι : Εκδότης Αργύρης Παπαζήσης, 1940

Thomas Robert Malthus (1766-1834)



6 AN ESSAY ON THE

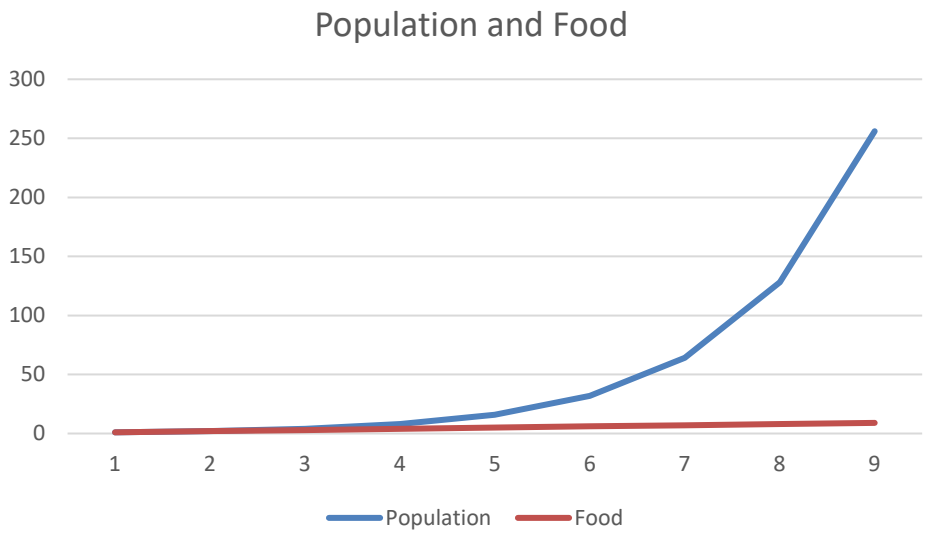
The ſpeculative philoſopher equally offends againſt the cauſe of truth. With eyes fixed on a happier ſtate of ſociety, the bleſsings of which he paints in the moſt captivating colours, he allows himſelf to indulge in the moſt bitter invectives againſt every preſent eſtabliſhment, without applying his talents to conſider the beſt and ſafeſt means of removing abuſes, and without ſeeming to be aware of the tremendous obſtacles that threaten, even in theory, to oppoſe the progreſs of man towards perfection.



And thus it appears, that a ſociety conſtituted according to the moſt beautiful form that imagination can conceive, with benevolence for its moving principle, inſtead of ſelf-love, and with every evil diſpoſition in all its members corrected by reaſon and not force, would, from the inevitable laws of nature, and not from any original depravity of man, in a very ſhort period, degenerate into a ſociety, conſtructed upon a plan not eſſentially different from that which prevails in every known State at preſent; I mean, a ſociety divided into a claſs of proprietors, and a claſs of labourers, and with ſelf-love for the main-ſpring of the great machine.

The reformers are wrong: Human destiny cannot be improved. The present order of things is imposed by nature.

Thomas Robert Malthus (1766-1834)



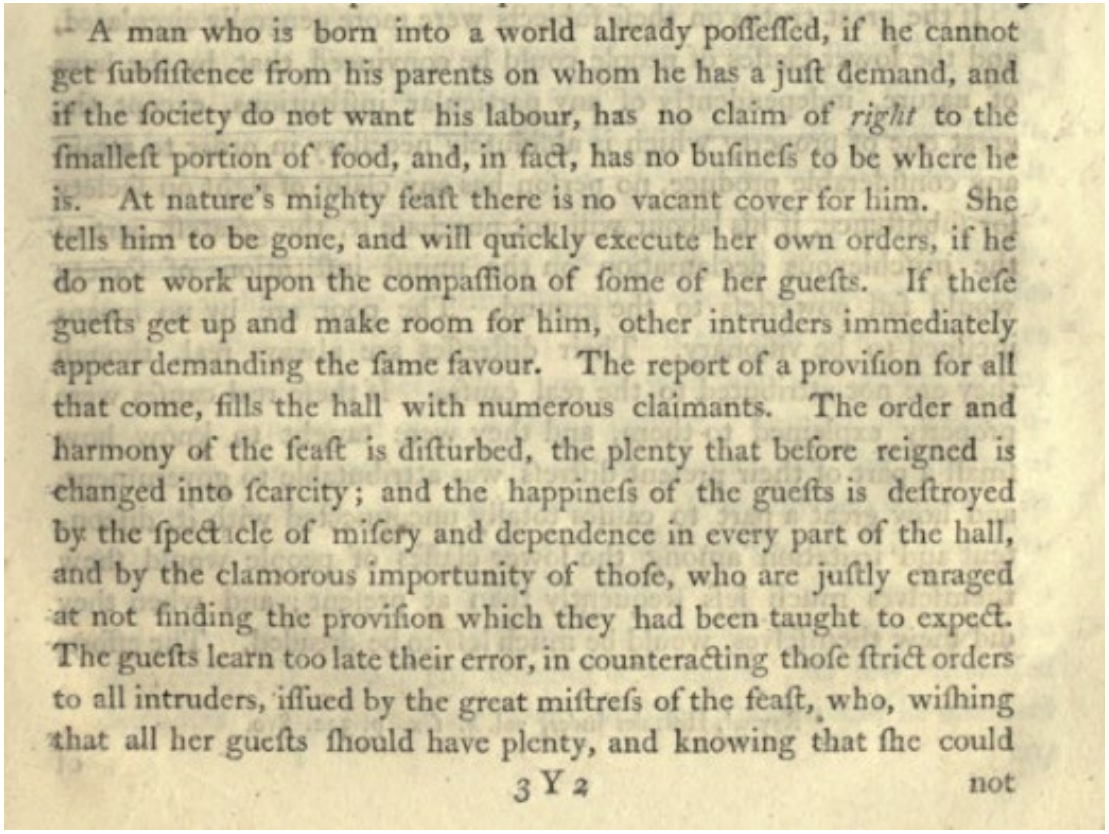
Taking the whole earth, instead of this island, emigration would of course be excluded; and, supposing the present population equal to a thousand millions, the human species would increase as the numbers, 1, 2, 4, 8, 16, 32, 64, 128, 256, and subsistence as 1, 2, 3, 4, 5, 6, 7, 8, 9. In two centuries the population would be to the means of subsistence as 256 to 9; in three centuries as 4096 to 13, and in two thousand years the difference would be almost incalculable.

Population, when unchecked, increaſes in a geometrical ratio. Subſiſtence increaſes only in an arithmetical ratio. A ſlight acquaintance with numbers will ſhew the immenſity of the firſt power in compariſon of the ſecond.

By that law of our nature which makes food neceſſary to the life of man, the effects of theſe two unequal powers muſt be kept equal.

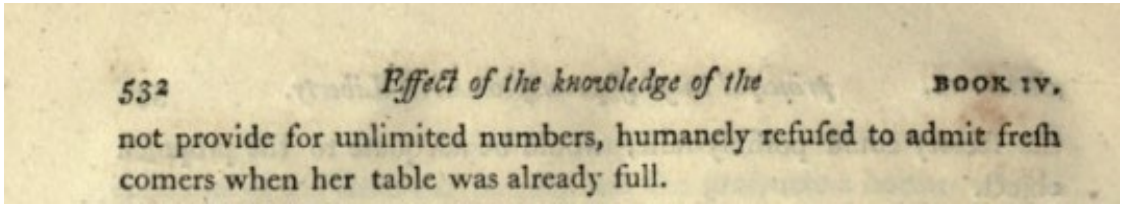
Food increases by arithmetic progression, the population, if unchecked, by geometric progression. So, there is not enough food for everyone.

Thomas Robert Malthus (1766-1834)



A man who is born into a world already poſſeſſed, if he cannot get ſubſiſtence from his parents on whom he has a juſt demand, and if the ſociety do not want his labour, has no claim of *right* to the ſmalleſt portion of food, and, in fact, has no buſineſs to be where he is. At nature's mighty feaſt there is no vacant cover for him. She tells him to be gone, and will quickly execute her own orders, if he do not work upon the compaſſion of ſome of her gueſts. If theſe gueſts get up and make room for him, other intruders immediately appear demanding the ſame favour. The report of a proviſion for all that come, fills the hall with numerous claimants. The order and harmony of the feaſt is diſturbed, the plenty that before reigned is changed into ſcarcity; and the happineſs of the gueſts is deſtroyed by the ſpectacle of miſery and dependence in every part of the hall, and by the clamorous importunity of thoſe, who are juſtly enraged at not finding the proviſion which they had been taught to expect. The gueſts learn too late their error, in counteracting thoſe ſtrict orders to all intruders, iſſued by the great miſtreſs of the feaſt, who, wiſhing that all her gueſts ſhould have plenty, and knowing that ſhe could

3 Y 2 not

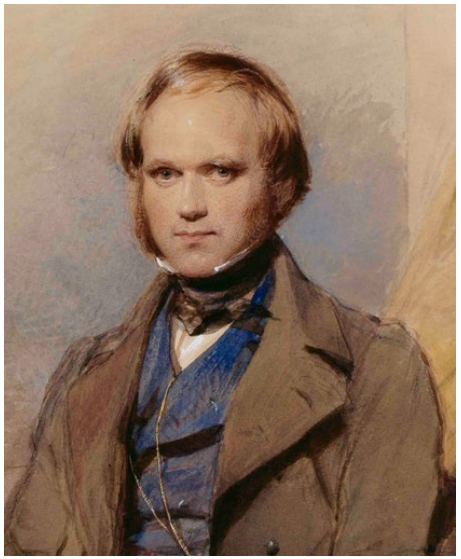


532 *Effect of the knowledge of the* BOOK IV.

not provide for unlimited numbers, humanely refuſed to admit freſh comers when her table was already full.

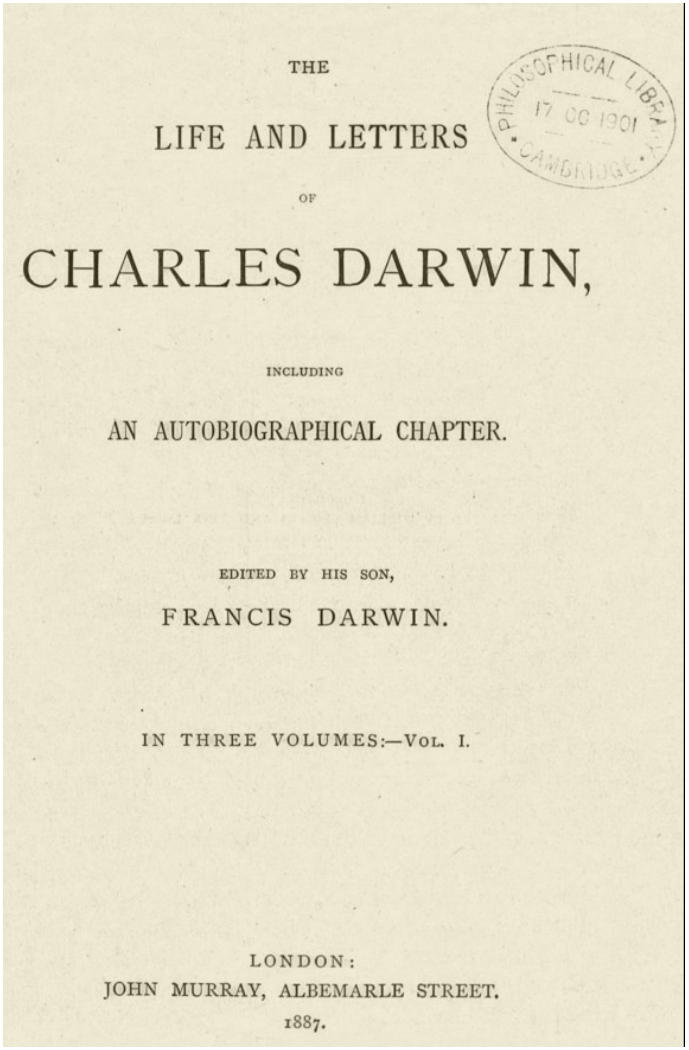
This appalling text on the "feast of nature" appeared in the second edition of the *Essay* in 1803 but was eliminated from subsequent editions.

Thomas Robert Malthus (1766-1834)

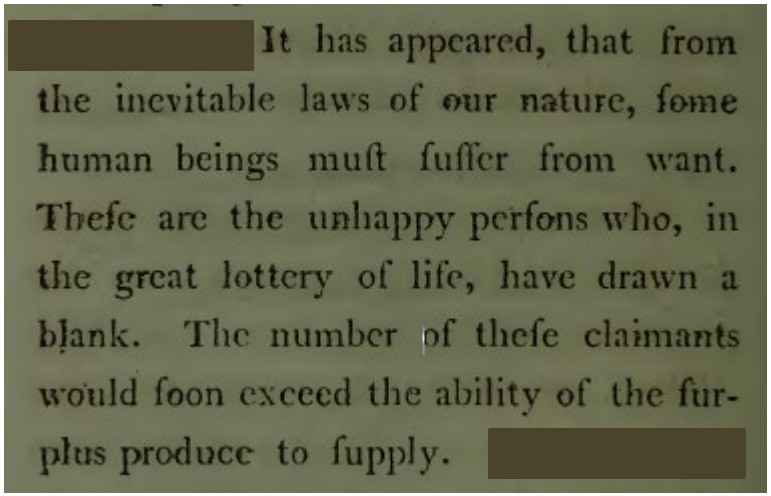


Darwin is influenced by Malthus in writing the *Origin of Species*

In October 1838, that is, fifteen months after I had begun my systematic enquiry, I happened to read for amusement 'Malthus on Population,' and being well prepared to appreciate the struggle for existence which everywhere goes on from long-continued observation of the habits of animals and plants, it at once struck me that under these circumstances favourable variations would tend to be preserved, and unfavourable ones to be destroyed. The result of this would be the formation of new species. Here then I had at last got a theory by which to work; but I was so



Thomas Robert Malthus (1766-1834)


It has appeared, that from the inevitable laws of our nature, ſome human beings muſt ſuffer from want. Theſe are the unhappy perſons who, in the great lottery of life, have drawn a blank. The number of theſe claimants would ſoon exceed the ability of the ſurplus produce to ſupply.

No matter what we do - even give money to the unfortunate poor - nature does not allow everyone to eat.

Suppose, that by a subscription of the rich the eighteen pence or two shillings, which men earn now, were made up five shillings: it might be imagined, perhaps, that they would then be able to live comfortably, and have a piece of meat every day for their dinner. But this would be a very false conclusion. The transfer of three additional shillings a day to each labourer would not increase the quantity of meat in the country. There is not at present enough for all to have a moderate share. What would then be the consequence? the competition among the buyers in the market of meat would rapidly raise the price from eight pence or nine pence to two or three shillings in the pound, and the commodity would not be divided among many more than it is at present. When an article is scarce, and cannot be distributed to all, he that can shew the most valid patent, that is, he that offers the most money, becomes the possessor.

Thomas Robert Malthus (1766-1834)

A collection from the rich of eighteen shillings in the pound, even if distributed in the most judicious manner, would have an effect similar to that resulting from the supposition which I have just made; and no possible sacrifices of the rich, particularly in money, could for any time prevent the recurrence of distress among the lower members of society, whoever they were.

By the laws of nature man cannot live without food. Whatever may be the rate at which population would increase if unchecked, it never can actually increase in any country beyond the food necessary to support it. But, by the laws of nature in respect to the powers of a limited territory, the additions which can be made in equal periods to the food which it produces must, after a short time, either be constantly decreasing, which is what would really take place; or, at the very most, must remain stationary, so as to increase the means of subsistence only in an arithmetical progression.

Elevated as man is above all other animals by his intellectual faculties, it is not to be supposed that the physical laws to which he is subjected should be essentially different from those which are observed to prevail in other parts of animated nature. He may increase slower than most other animals, but food is equally necessary to his support; and if his natural capacity of increase be greater than can be permanently supplied with food from a limited territory, his increase must be constantly retarded by the difficulty of procuring the means of subsistence.

On examining these obstacles to the increase of population which I have classed under the heads of preventive and positive checks, it will appear that they are all resolvable into moral restraint, vice, and misery.

It may be safely asserted, therefore, that population, when unchecked, increases in a geometrical progression of such a nature as to double itself every twenty-five years.

Moral self-restraint [*i.e.*, marriage at an older age], vice [including contraception] and misery ultimately limit population growth.

Thomas Robert Malthus (1766-1834)

CHAP. V.

Of the Consequences of pursuing the opposite Mode.

It is an evident truth that, whatever may be the rate of increase in the means of subsistence, the increase of population must be limited by it, at least after the food has once been divided into the smallest shares that will support life. All the children born, beyond what would be required to keep up the population to this level, must necessarily perish, unless room be made for them by the deaths of grown persons. It has appeared indeed clearly in the course of this work, that in all old states the marriages and births depend principally upon the deaths, and that there is no encouragement to early unions so powerful as a great mortality. To act consistently therefore, we should facilitate, instead of foolishly and vainly endeavouring to impede, the operations of nature in producing this mortality; and if we dread the too frequent visitation of the horrid form of famine, we should sedulously encourage the other forms of destruction, which we compel nature to use. Instead of recommending cleanliness to the poor, we should encourage contrary habits. In our towns we should make the streets narrower, crowd more people into the houses, and court the return of the plague. In the country, we should build our villages near stagnant pools, and particularly encourage settlements in all marshy and unwholesome situations.* But above all, we should reprobate specific remedies for ravaging diseases; and those benevolent, but much mistaken men, who have thought they were doing a service to mankind by projecting schemes for the total extirpation of particular disorders. If by these and similar means the annual mortality were increased from 1 in 36 or 40, to 1 in 18 or 20, we might probably every one of us marry at the age of puberty, and yet few be absolutely starved.

If, however, we all marry at this age, and yet still continue our exertions to impede the operations of nature, we may rest assured that all our efforts will be vain. Nature will not, nor cannot, be defeated in her purposes. The necessary mortality must come, in some form or other;

Either you wise up or we'll make sure the Grim Reaper gets you

Thomas Robert Malthus (1766-1834)

Promiscuous intercourse, unnatural passions, violations of the marriage bed, and improper arts to conceal the consequences of irregular connexions, are preventive checks that clearly come under the head of vice.

When this restraint produces vice, the evils which follow are but too conspicuous. A promiscuous intercourse to such a degree as to prevent the birth of children, seems to lower, in the most marked manner, the dignity of human nature. It cannot be without its effect on men, and nothing can be more obvious than its tendency to degrade the female character, and to destroy all its most amiable and distinguishing characteristics. Add to which, that among those unfortunate females, with which all great towns abound, more real distress and aggravated misery are, perhaps, to be found, than in any other department of human life.

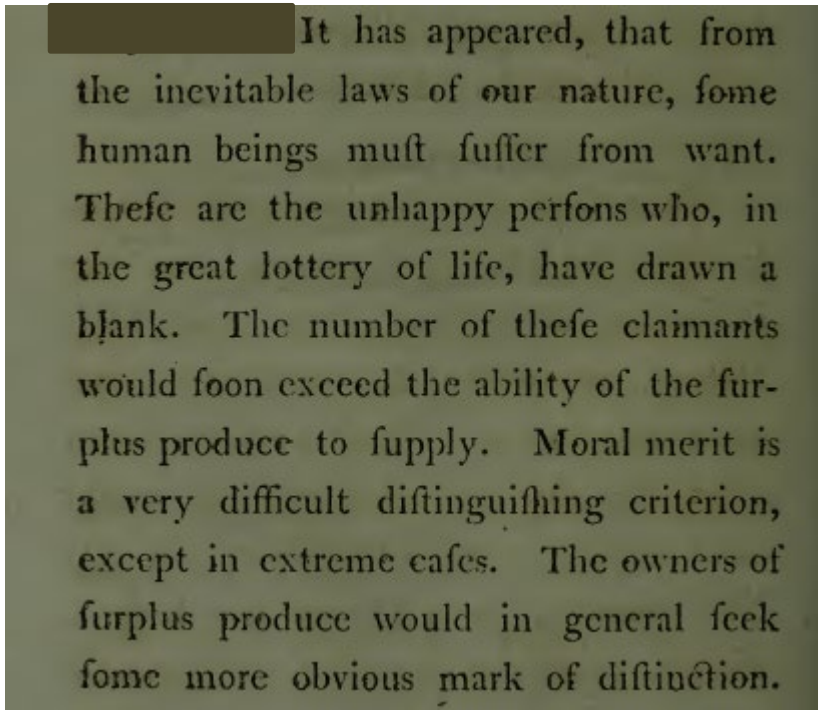
Vice, i.e., non-reproductive intercourse, is morally unacceptable.

The poor-laws of England tend to depreſs the general condition of the poor in theſe two ways. Their firſt obvious tendency is to increaſe population without increaſing the food for its ſupport.

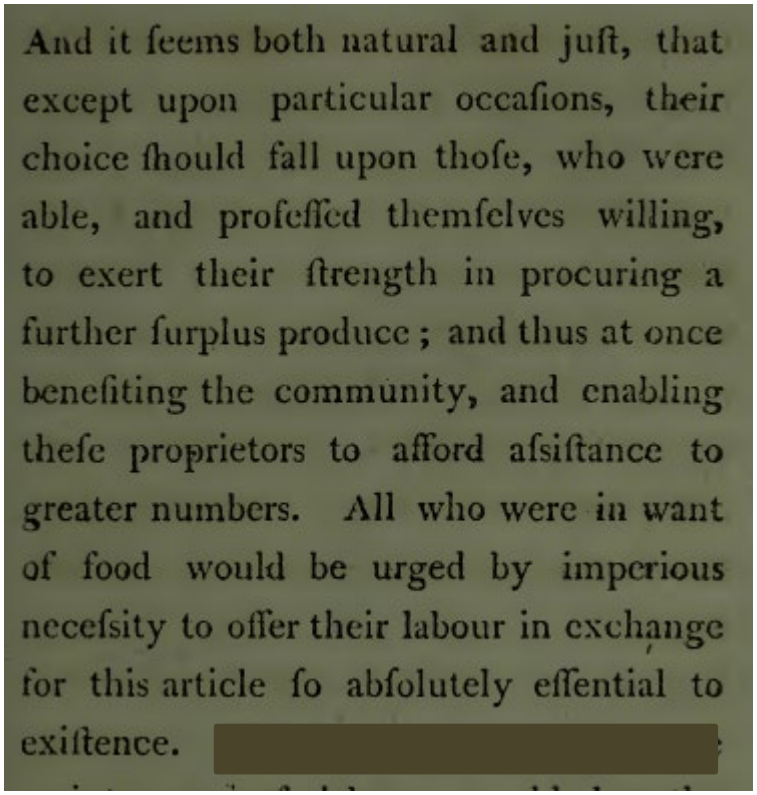
Secondly, the quantity of proviſions conſumed in workhouſes upon a part of the ſociety, that cannot in general be conſidered as the moſt valuable part, diminiſhes the ſhares that would otherwiſe belong to more induſtrious, and more worthy members; and thus in the ſame manner forces more to become dependent.

Welfare for the needy is a dead end. It increases their numbers and deprives food from those who truly deserve it.

Thomas Robert Malthus (1766-1834)



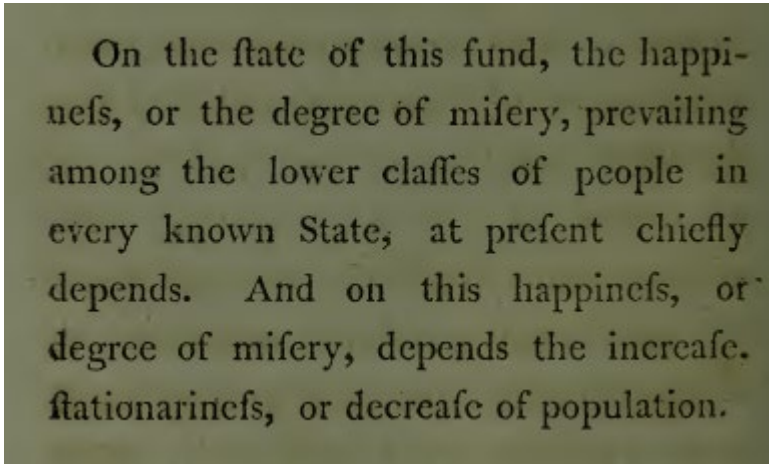
It has appeared, that from the inevitable laws of our nature, ſome human beings muſt ſuffer from want. Theſe are the unhappy perſons who, in the great lottery of life, have drawn a blank. The number of theſe claimants would ſoon exceed the ability of the ſurplus produce to ſupply. Moral merit is a very difficult diſtinguiſhing criterion, except in extreme caſes. The owners of ſurplus produce would in general ſeek ſome more obvious mark of diſtinction.



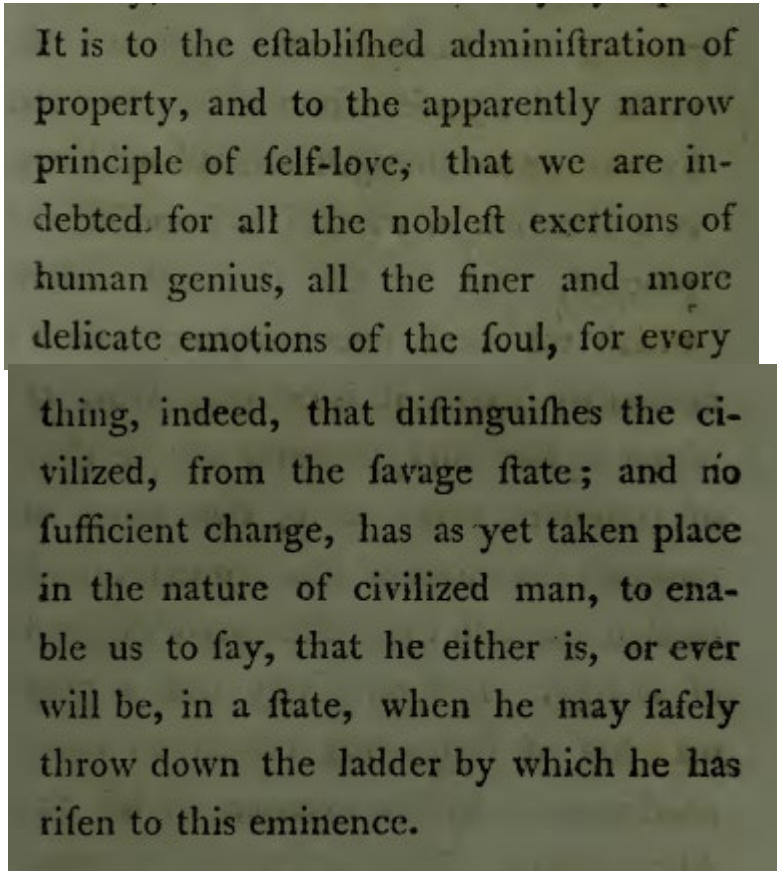
And it ſeems both natural and juſt, that except upon particular occaſions, their choice ſhould fall upon thoſe, who were able, and profeſſed themſelves willing, to exert their ſtrength in procuring a further ſurplus produce; and thus at once benefiting the community, and enabling theſe proprietors to afford aſſiſtance to greater numbers. All who were in want of food would be urged by imperious neceſsity to offer their labour in exchange for this article ſo abſolutely eſſential to exiſtence.

If you draw a blank in the lottery of life you must suffer from want. Your bosses will feed you only if you work hard.

Thomas Robert Malthus (1766-1834)



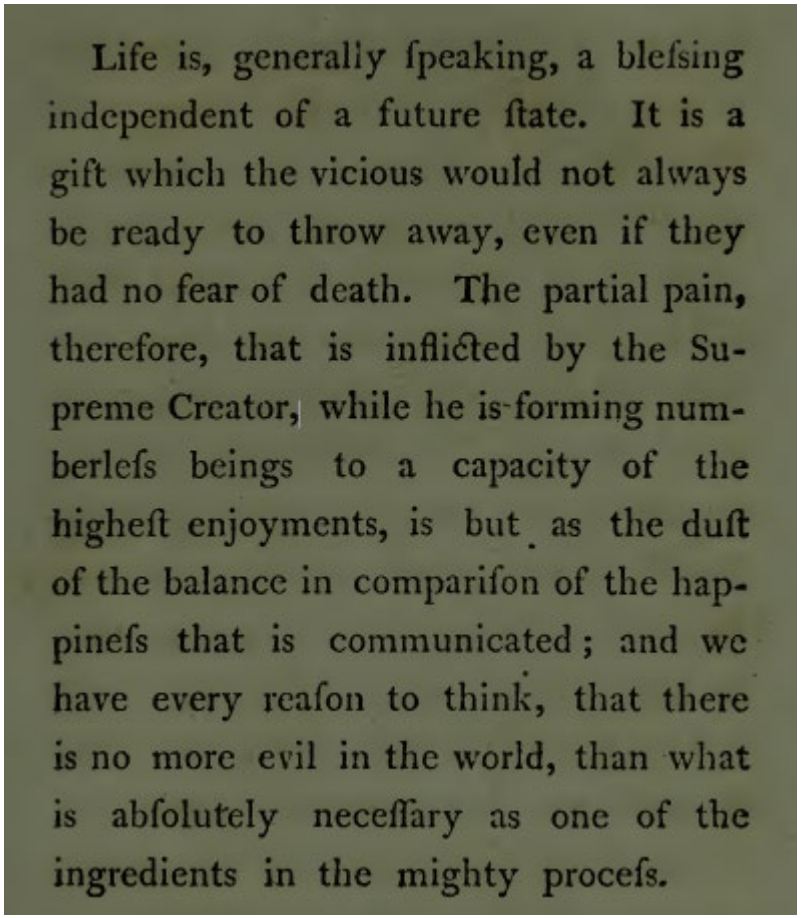
On the ſtate of this fund, the happi-
neſs, or the degree of miſery, prevailing
among the lower claſſes of people in
every known State, at preſent chiefly
depends. And on this happineſs, or
degree of miſery, depends the increaſe.
ſtationarineſs, or decreaſe of population.



It is to the eſtabliſhed adminiſtration of
property, and to the apparently narrow
principle of ſelf-love, that we are in-
debted for all the nobleſt exertions of
human genius, all the finer and more
delicate emotions of the ſoul, for every
thing, indeed, that diſtinguiſhes the ci-
vilized, from the ſavage ſtate; and no
ſufficient change, has as yet taken place
in the nature of civilized man, to ena-
ble us to ſay, that he either is, or ever
will be, in a ſtate, when he may ſafely
throw down the ladder by which he has
riſen to this eminence.

You must owe a debt of gratitude to the possessors. Private property and self-interest are responsible for civilization.

Thomas Robert Malthus (1766-1834)



Life is, generally ſpeaking, a bleſsing independent of a future ſtate. It is a gift which the vicious would not always be ready to throw away, even if they had no fear of death. The partial pain, therefore, that is inflicted by the Supreme Creator, while he is forming numberleſs beings to a capacity of the higheſt enjoyments, is but as the duſt of the balance in compariſon of the happineſs that is communicated; and we have every reaſon to think, that there is no more evil in the world, than what is abſolutely neceſſary as one of the ingredients in the mighty proceſs.

After all, life is a blessing, and you should thank God that you live even with so much misery. Given the limitations of nature, the unfortunate of this life should be happy.

Thomas Robert Malthus (1766-1834)

Theory of value

Thomas Robert Malthus (1766-1834)

PRINCIPLES

OF

POLITICAL ECONOMY

CONSIDERED

WITH A VIEW TO THEIR PRACTICAL

APPLICATION.

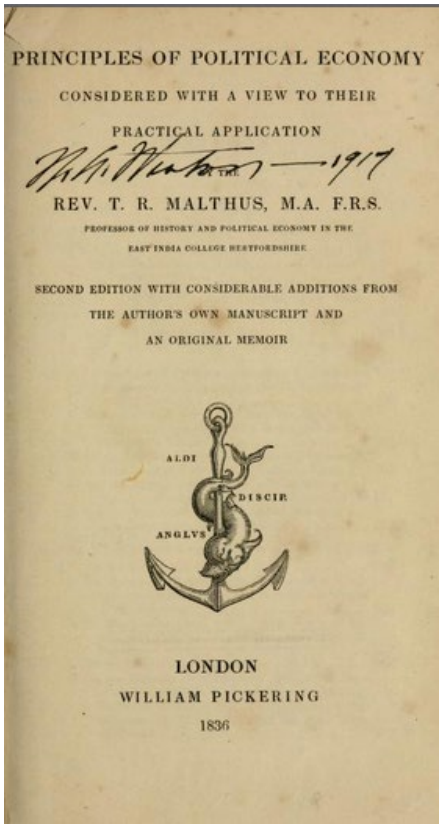
BY THE REV. T. R. MALTHUS, M.A. F.R.S.

PROFESSOR OF HISTORY AND POLITICAL ECONOMY IN THE EAST INDIA COLLEGE, HERTFORDSHIRE.

LONDON:

JOHN MURRAY, ALBEMARLE-STREET.

1820.



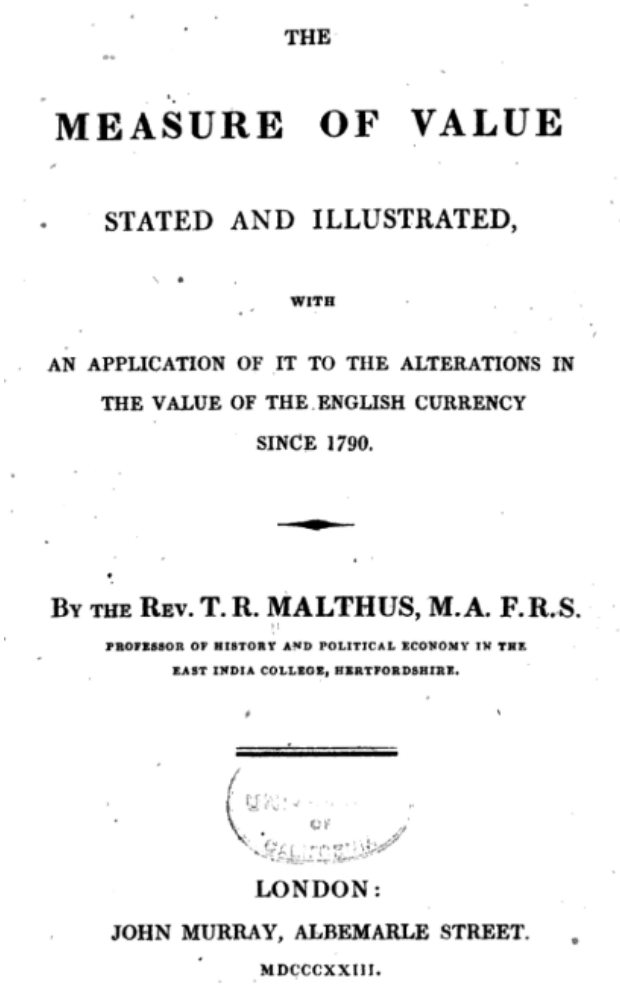
Principles of Political Economy (1820), 2nd posthumous edition 1836

Thomas Robert Malthus (1766-1834)

the quantity of labour of a given description (common-day labour, for instance) which it can command, it will appear to be unquestionably the best of any one commodity, and to unite, more nearly than any other, the qualities of real and nominal measure of exchangeable value.

the relative values of commodities in money, or their prices, are determined by the relative demand of them, compared with the supply of them; and this law appears to be so general, that probably not a single instance of a change of price can be found which may not be satisfactorily traced to some previous change in the causes which affect the demand or supply.

Thomas Robert Malthus (1766-1834)



THE

MEASURE OF VALUE

STATED AND ILLUSTRATED,

WITH

AN APPLICATION OF IT TO THE ALTERATIONS IN THE VALUE OF THE ENGLISH CURRENCY SINCE 1790.

By the Rev. T. R. MALTHUS, M.A. F.R.S.

PROFESSOR OF HISTORY AND POLITICAL ECONOMY IN THE EAST INDIA COLLEGE, HERTFORDSHIRE.

LONDON:

JOHN MURRAY, ALBEMARLE STREET.

MDCCCXXIII.

tity. But it is universally acknowledged, that the great mass of commodities in civilized and improved countries is made up at the least of two elements—labour and profits; consequently, the exchangeable value of commodities into which these two elements enter as the conditions of their supply, will not depend exclusively upon the quantity of labour employed upon them, except in the very peculiar cases when both the returns of the advances and the proportions of fixed and circulating capitals are exactly the same.

It cannot, then, be said with any thing like an approximation towards correctness, that the labour worked up in commodities is the measure of their exchangeable value.

Thomas Robert Malthus (1766-1834)

Theory of Gluts

Thomas Robert Malthus (1766-1834)

Economic crises in England after the Napoleonic Wars.
Labour unrest

Thomas Robert Malthus (1766-1834)

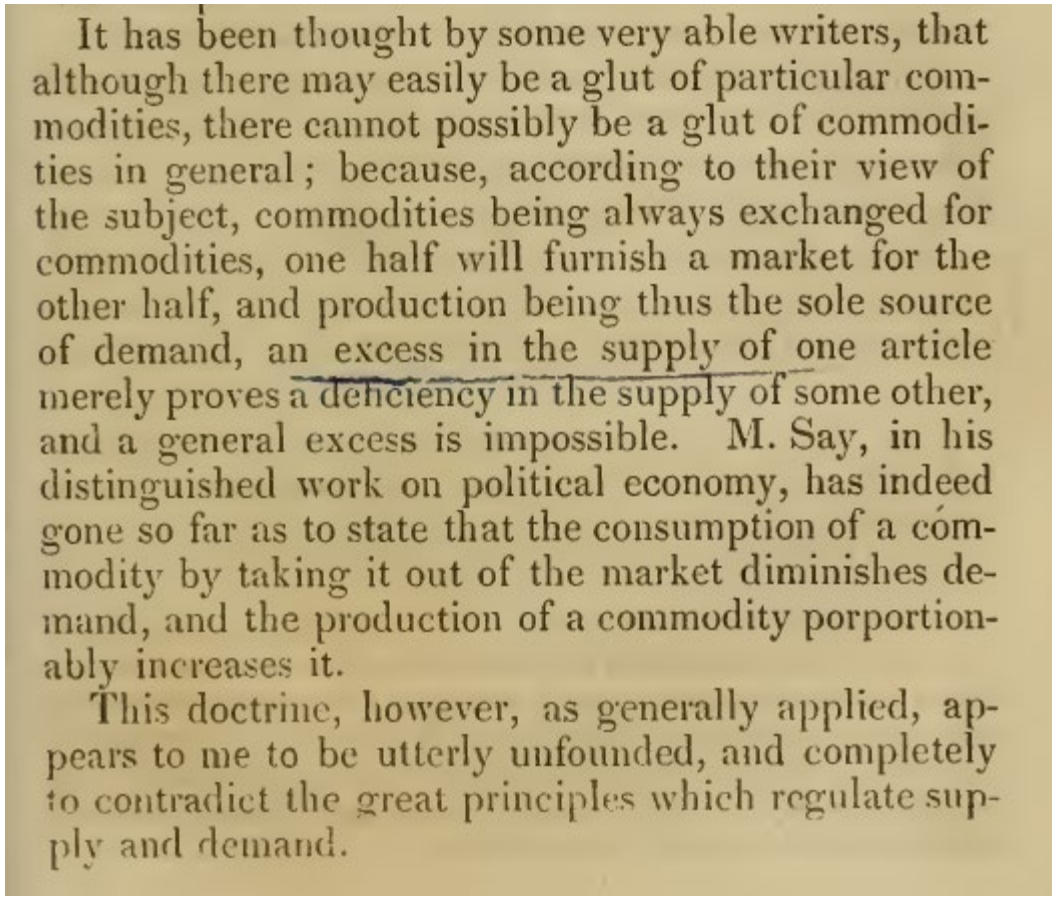
Peterloo Massacre
Manchester 1819
Richard Carlile (1790–1843)

Thomas Robert Malthus (1766-1834)

General wealth, like particular portions of it, will always follow effectual demand. Whenever there is a great demand for commodities, that is, whenever the whole mass will command a greater quantity of standard labour than before, without any greater value of capital having been required to produce them, there is the same kind of reason for expecting a general increase of commodities, as there is for expecting an increase of particular commodities when their market-prices rise; without a corresponding rise in their money-cost of production. And on the other hand, whenever the produce of a country estimated in the labour which it will command falls in value, while the same value of advances is continued, the power and will to set labourers to work will be diminished and the increase of produce must, for a time, be checked.

The Role of Effectual demand

Thomas Robert Malthus (1766-1834)



It has been thought by some very able writers, that although there may easily be a glut of particular commodities, there cannot possibly be a glut of commodities in general; because, according to their view of the subject, commodities being always exchanged for commodities, one half will furnish a market for the other half, and production being thus the sole source of demand, an excess in the supply of one article merely proves a deficiency in the supply of some other, and a general excess is impossible. M. Say, in his distinguished work on political economy, has indeed gone so far as to state that the consumption of a commodity by taking it out of the market diminishes demand, and the production of a commodity porportionably increases it.

This doctrine, however, as generally applied, appears to me to be utterly unfounded, and completely to contradict the great principles which regulate supply and demand.

Rejection of the Say's Law

Thomas Robert Malthus (1766-1834)

A third very serious error of the writers above referred to, and practically the most important of the three, consists in supposing that accumulation ensures demand; or that the consumption of the labourers employed by those whose object is to save, will create such an effectual demand for commodities as to encourage a continued increase of produce.

Productive workers cannot create sufficient effective demand

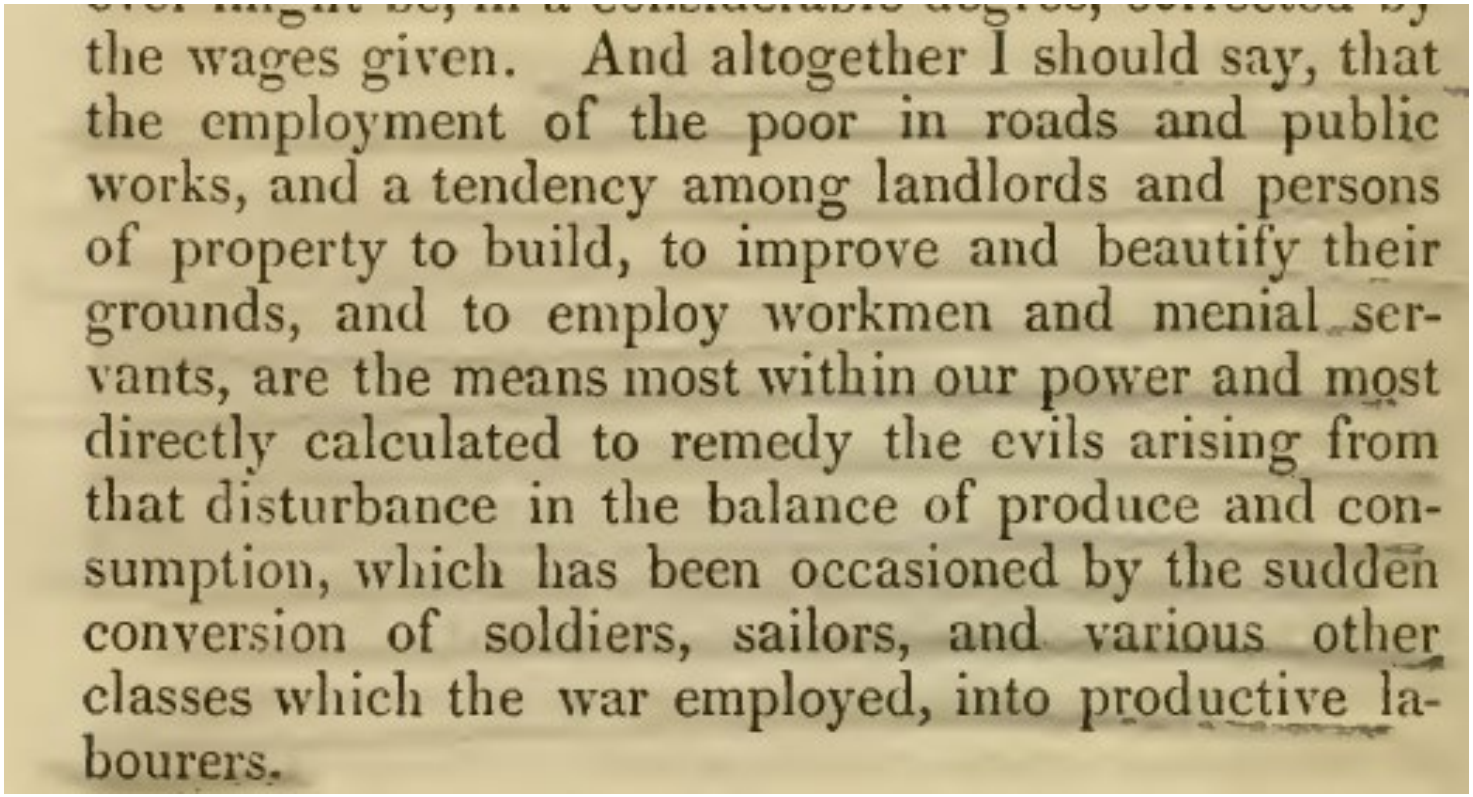
that under all common circumstances, if an increased power of production be not accompanied by an increase of unproductive expenditures, it will inevitably lower profits and throw labourers out of employment.

Non-productive spending by the aristocrats is necessary to create effective demand.

Letter from Malthus to Ricardo (1821)

On the whole it may be observed, that the specific use of a body of unproductive consumers, is to give encouragement to wealth by maintaining such a balance between produce and consumption as will give the greatest exchangeable value to the results of the national industry. If such consumers were to pre-

Thomas Robert Malthus (1766-1834)



the wages given. And altogether I should say, that the employment of the poor in roads and public works, and a tendency among landlords and persons of property to build, to improve and beautify their grounds, and to employ workmen and menial servants, are the means most within our power and most directly calculated to remedy the evils arising from that disturbance in the balance of produce and consumption, which has been occasioned by the sudden conversion of soldiers, sailors, and various other classes which the war employed, into productive labourers.

David Ricardo (1772-1823)

David Ricardo (1772-1823)

David Ricardo
by Thomas Phillips
oil on canvas, circa 1821, NPG

He was born in London in 1772, the third child of 17 of a Sephardic family of Portuguese descent who had moved to Holland and had recently emigrated to England. His father was a stockbroker and David Ricardo worked in his father's business from the age of 14. At 21 he married a Christian woman and became estranged from his family.
He begins a successful career as a stockbroker and after the Battle of Waterloo he manipulates the market and makes a large fortune. This allows him at 41 to retire from business and buy Gatcombe Park, Gloucestershire. He "purchases" a parliamentary seat in the Irish constituency of Portarlington and participates in the debates of the British Parliament. He dies young of an ear infection. He was a personal friend but theoretical opponent of Malthus.

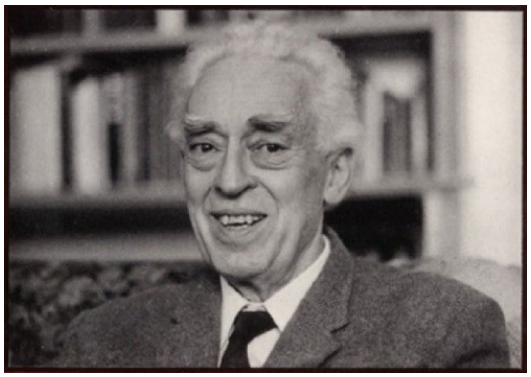
Published Works of David Ricardo

1. *The High Price of Bullion, A Proof of the Depreciation of Bank Notes* (London, John Murray, 1810; corrected, 1810; enlarged, 1810; enlarged again, 1811).
2. *Observations on some Passages in an Article in the Edinburgh Review, on the Depreciation of the Paper Currency; also Suggestions for securing to the Public a Currency as Invariable as Gold, with a very moderate Supply of that Metal, Being an Appendix to the Fourth edition of "High Price of Bullion, etc."* (London, John Murray, William Blackwood & M.N. Mahon, 1811).
3. *Reply to Mr. Bosanquet's Practical Observation on the Report of the Bullion Committee* (London, John Murray, William Blackwood & M.N. Mahon, 1811).
4. *An Essay on the Influence of a low Price of Corn on the Profits of Stock; showing the inexpediency of Restrictions on Importation; with remarks on Mr. Malthus' two last Publications: "An Inquiry into the Nature and Progress of Rent;" and "The Grounds for an Opinion on the Policy of restricting the Importation of Foreign Corn"* (London, John Murray, 1815).
5. *Proposals for an Economical and Secure Currency; with Observations on the profits of the Bank of England, as they regard the Public and the Proprietors of Bank Stock* (London, John Murray, 1816).
6. *On the Principles of Political Economy and Taxation* (London, John Murray, 1817, 2nd edition 1819, 3rd 1821).
7. "Funding System", An article in the *Supplement to the Fourth, Fifth and Sixth Editions of the Encyclopaedia Britannica*, 1820
8. *On Protection in Agriculture* (London, John Murray, 1822).
9. *Mr. Ricardo's Speech on Mr. Western's Motion, for a Committee to consider the Effects produced by the Resumption of Cash payments, delivered on the 12th of June, 1822*. (London, G. Harvey, 1822).
10. *Plan for the Establishment of a National Bank (London, John Murray, 1824); published as an appendix to A National Bank the Remedy for the Evils attendant upon our Present System of Paper Currency by Samuel Richardson* (London, Pelham Richardson, 1838).
11. *The Works of David Ricardo, Esq., M.P. With a Notice of the Live and Writings of the Author, by J.R. McCulloch*, (London, John Murray, 1826).
12. *The Works and Correspondence of David Ricardo*, 11 volumes, edited by Piero Sraffa with the collaboration of M.H. Dobb, (Cambridge, Cambridge University Press for the Royal Economic Society, 1951-1973).

David Ricardo (1772-1823)

The now classic edition of Ricardo's works is by Piero Sraffa in collaboration with Maurice H. Dobb, *The Works and Correspondence of David Ricardo*, published by Cambridge University Press for the Royal Economic Society (1951-1973)

Vol. 1 *Principles of Political Economy and Taxation*
Vol. 2 *Notes on Malthus*
Vol. 3 *Pamphlets and Papers 1809–1811*
Vol. 4 *Pamphlets and Papers 1815–1823*
Vol. 5 *Speeches and Evidence*
Vol. 6 *Letters 1810–1815*
Vol. 7 *Letters 1816–1818*
Vol. 8 *Letters 1819 – June 1821*
Vol. 9 *Letters 1821–1823*
Vol. 10 *Biographical Miscellany*
Vol. 11 *General Index*



Piero Sraffa (1898-1983)

Maurice Dobb (1900-1976)

David Ricardo (1772-1823)

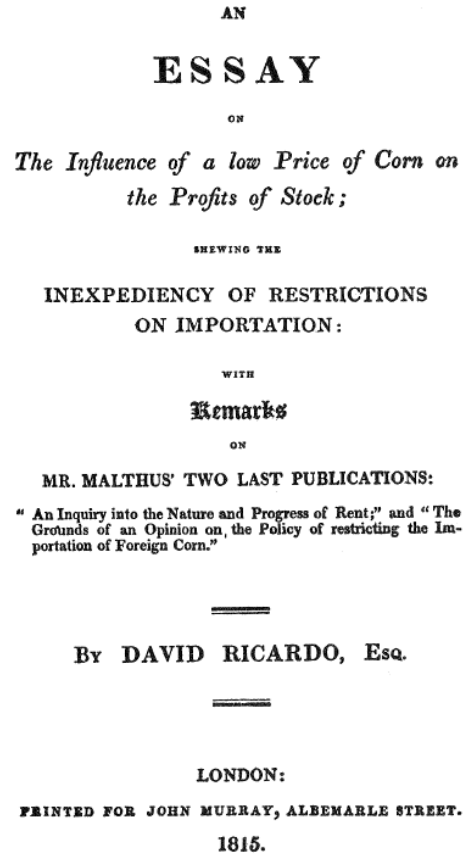
Differential rent

Essay on Profits, 1815

David Ricardo (1772-1823)

Essay on Profits, 1815

Differential rent and the first attempt at a theory of value



AN

ESSAY

ON

The Influence of a low Price of Corn on the Profits of Stock;

SHEWING THE

INEXPEDIENCY OF RESTRICTIONS ON IMPORTATION:

WITH

Remarks

ON

MR. MALTHUS' TWO LAST PUBLICATIONS:

"An Inquiry into the Nature and Progress of Rent;" and "The Grounds of an Opinion on the Policy of restricting the Importation of Foreign Corn."

By DAVID RICARDO, Esq.

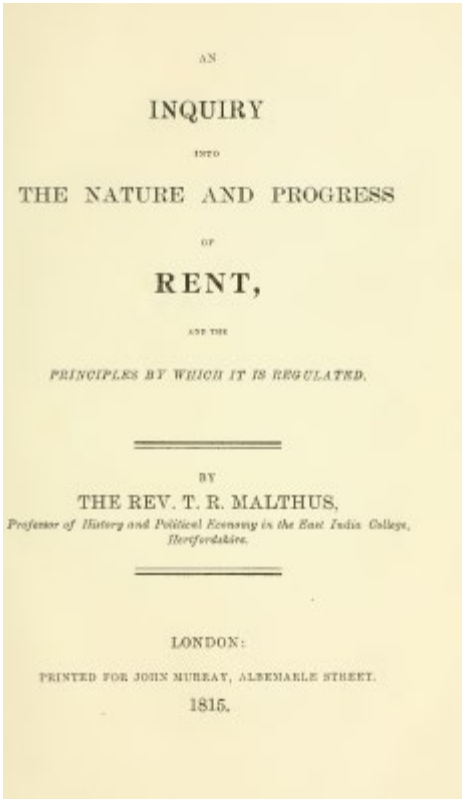
LONDON:

PRINTED FOR JOHN MURRAY, ALBEMARLE STREET.

1815.

Three other publications on the same subject in the same year

David Ricardo (1772-1823)



AN

INQUIRY

INTO

THE NATURE AND PROGRESS

OF

RENT,

AND THE

PRINCIPLES BY WHICH IT IS REGULATED.

BY

THE REV. T. R. MALTHUS,

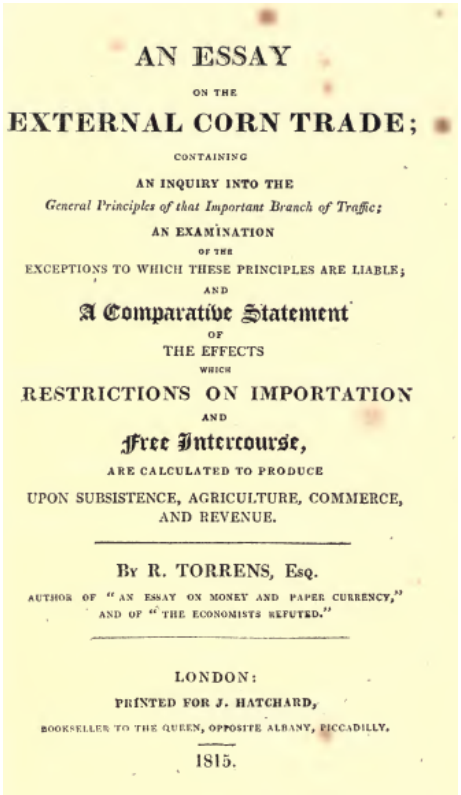
Professor of History and Political Economy in the East India College, Hertfordshire.

LONDON:

PRINTED FOR JOHN MURRAY, ALBEMARLE STREET.

1815.

T.R. Malthus



AN ESSAY

ON THE

EXTERNAL CORN TRADE;

CONTAINING

AN INQUIRY INTO THE

General Principles of that Important Branch of Traffic;

AN EXAMINATION

OF THE

EXCEPTIONS TO WHICH THESE PRINCIPLES ARE LIABLE;

AND

A Comparative Statement

OF

THE EFFECTS

WHICH

RESTRICTIONS ON IMPORTATION

AND

Free Intercourse,

ARE CALCULATED TO PRODUCE

UPON SUBSISTENCE, AGRICULTURE, COMMERCE, AND REVENUE.

By R. TORRENS, Esq.

AUTHOR OF "AN ESSAY ON MONEY AND PAPER CURRENCY," AND OF "THE ECONOMISTS REFUTED."

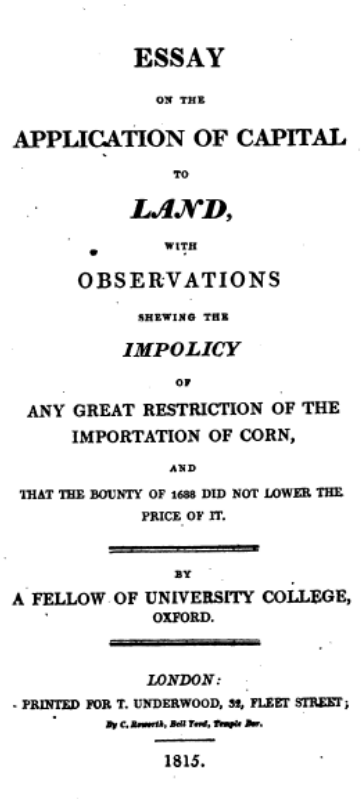
LONDON:

PRINTED FOR J. HATCHARD,

BOOKSELLER TO THE QUEEN, OPPOSITE ALBANY, PICCADILLY.

1815.

Robert Torrens



ESSAY

ON THE

APPLICATION OF CAPITAL

TO

LAND,

WITH

OBSERVATIONS

SHEWING THE

IMPOLICY

OF

ANY GREAT RESTRICTION OF THE IMPORTATION OF CORN,

AND

THAT THE BOUNTY OF 1688 DID NOT LOWER THE PRICE OF IT.

BY

A FELLOW OF UNIVERSITY COLLEGE, OXFORD.

LONDON:

PRINTED FOR T. UNDERWOOD, 32, FLEET STREET;

By C. Reworth, Bell Yard, Temple Bar.

1815.

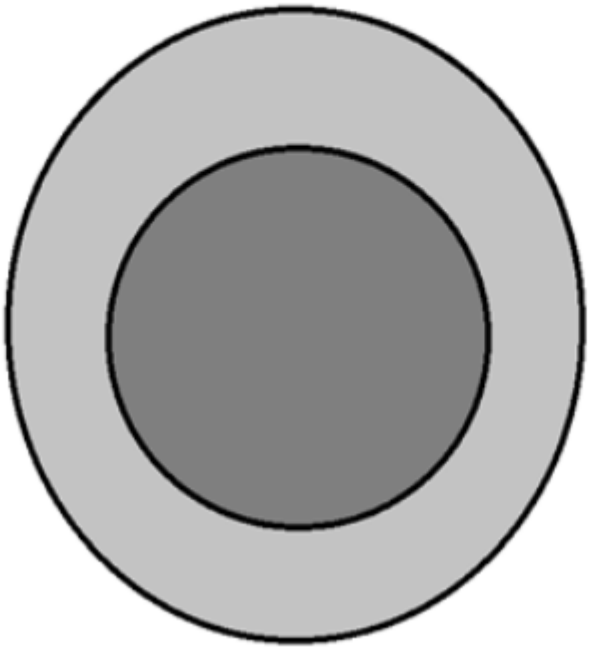
Edward West

David Ricardo (1772-1823)

Available fertile land

Fertile land in use

Competition between landowners reduces land rent to zero



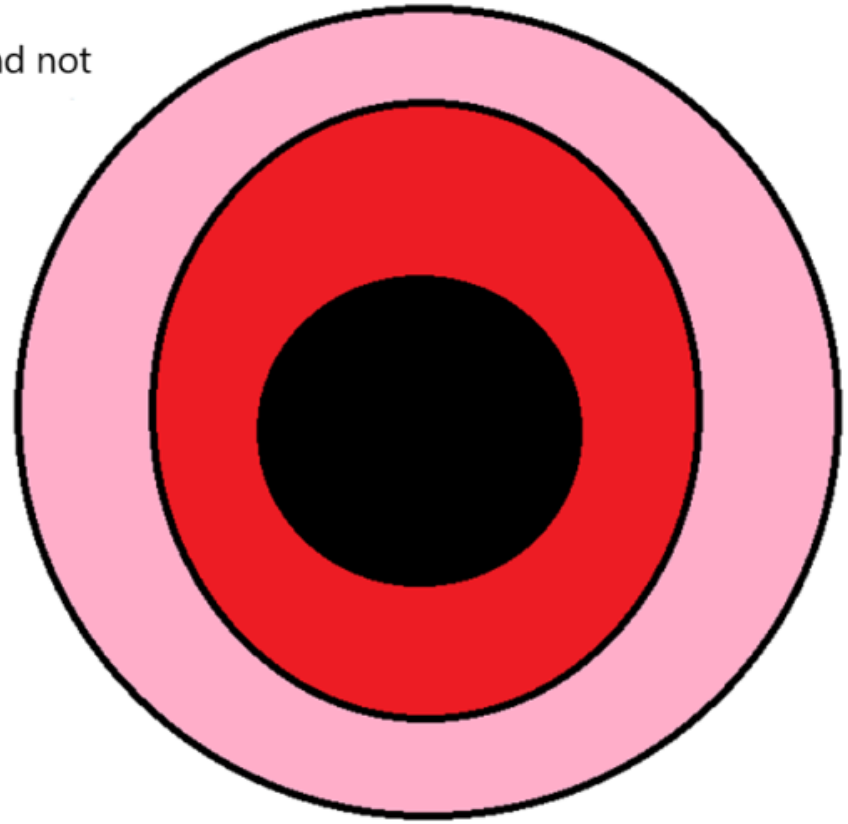
David Ricardo (1772-1823)

Available high fertility land in use

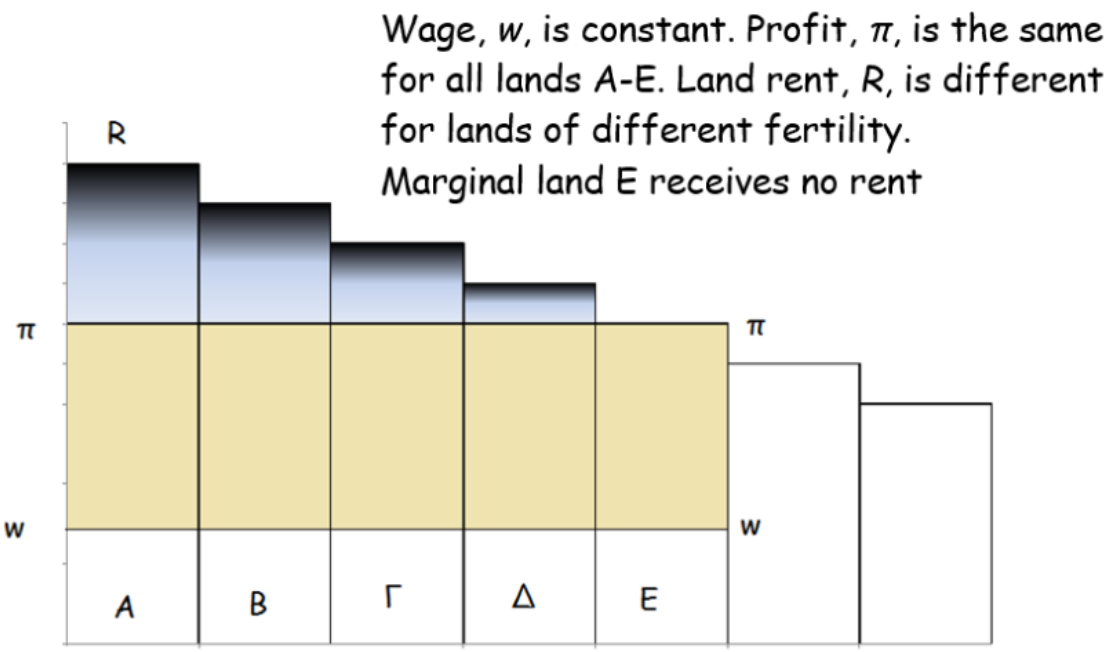
Low fertility land in use

Low fertility land not in use

Low fertility land owners do not receive land rent, but high fertility land owners receive as rent the difference in productivity between high and low fertility lands

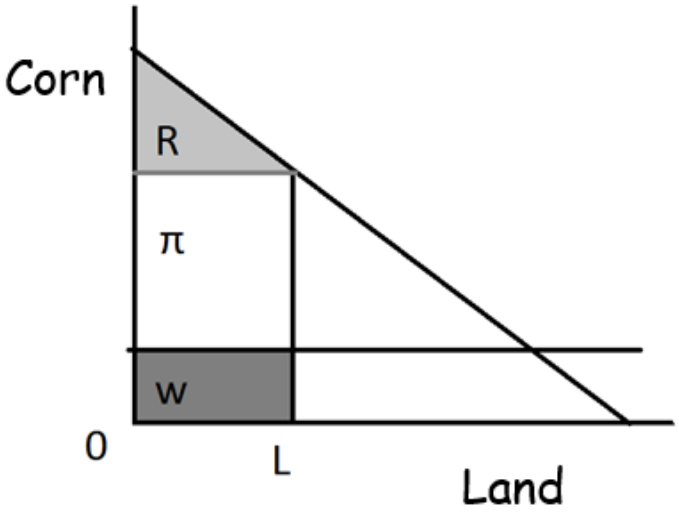


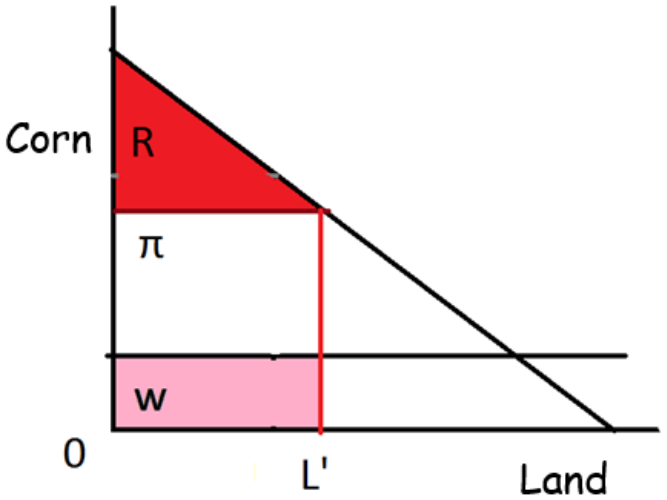
David Ricardo (1772-1823)

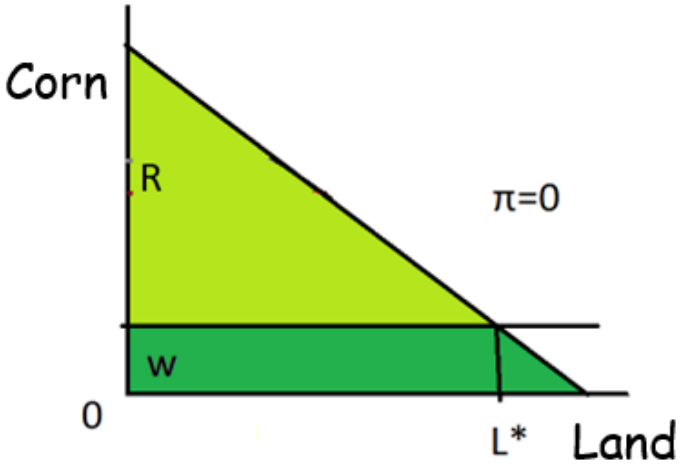


Luigi Pasinetti, 1960. "A mathematical formulation of the Ricardian system", *Review of Economic Studies*, 27: 78–98

David Ricardo (1772-1823)







As the amount of land under cultivation increases, the rate of profit decreases. After L* there is no profit

David Ricardo (1772-1823)

Opposition to the Corn Laws (1815-1846) which prevented the importation of grain from abroad, benefited landowners and increased wages

David Ricardo (1772-1823)

Ricardo's first attempt at a labour theory of value.

Let r, the rate of profit in agriculture, Y the product of agriculture in units of corn, L the number of workers in agriculture and w the wage in units of corn in all sectors. Define also $l=L/Y$, *i.e.*, workers per unit of corn. Corn is the numeraire good, i.e., its price is equal to one. Then we have the profit rate in agriculture in terms of wages and labour per unit of corn as

$$r = \frac{Y - wL}{wL} = \frac{\frac{Y}{Y} - w\frac{L}{Y}}{w\frac{L}{Y}} = \frac{1 - wl}{wl}$$

profit rate in agriculture

David Ricardo (1772-1823)

Use the subscript c, to denote variables in the textile industry. Hence, let r_c, the rate of profit in the textile industry, Y_c the product of the textile industry in units of cloth, L_c the number of workers in the textile industry and w the wage in units of corn in all sectors. Define also $l_c=L_c/Y_c$, *i.e.*, workers per unit of cloth. Let p_c be the price of a unit of cloth in terms of corn. Then we have the profit rate in the textile industry in terms of wages and labour per unit of cloth as

$$r_c = \frac{p_c Y_c - wL_c}{wL_c} = \frac{p_c - wl_c}{wl_c}$$

Profit rate in the textile industry

David Ricardo (1772-1823)

$$r = r_c \Rightarrow \frac{1 - wl}{wl} = \frac{p_c - wl_c}{wl_c}$$

$$p_c = \left(\frac{1 - wl}{wl}\right) wl_c + wl_c = wl_c \left(\frac{1 - wl}{wl} + 1\right) \Rightarrow$$

$$p_c = wl_c \left(\frac{1 - wl + wl}{wl}\right) = \frac{wl_c}{wl} = \frac{l_c}{l}$$

Since the profit rate is uniform across industries we equate the profit rates in the two sectors, and after some simple algebraic manipulation we derive the ratio of the prices of units of cloth and corn as the ratio of labour in a unit of cloth divided by the labour in a unit of corn. The trick was to derive the rate of profit in agriculture in physical units (corn) without the need to use the value of other wage goods.

David Ricardo (1772-1823)

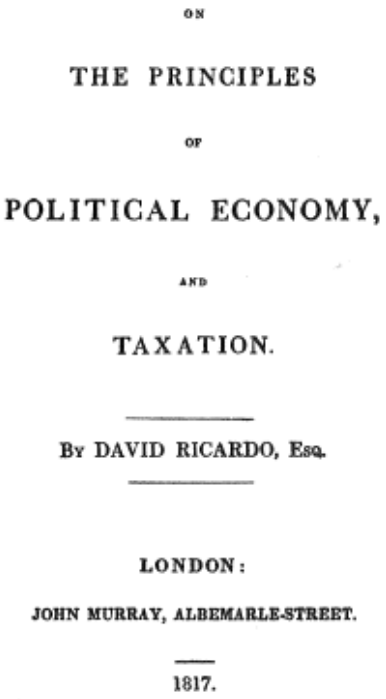
Relative prices of goods are expressed by the ratio of labour content per unit of good

Critique of Malthus: workers' wages do not consist solely of corn

David Ricardo (1772-1823)

Ricardo's attempt at a labour theory of value in *Principles of Political Economy and Taxation* (1817)

David Ricardo (1772-1823)



ON

THE PRINCIPLES

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POLITICAL ECONOMY,

AND

TAXATION.

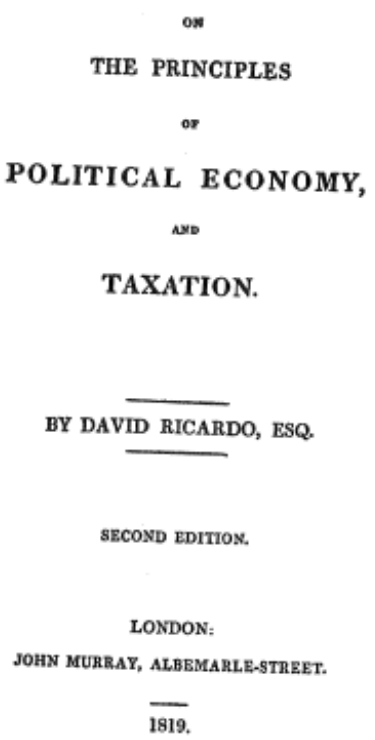
By DAVID RICARDO, Esq.

LONDON:

JOHN MURRAY, ALBEMARLE-STREET.

1817.

1817



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BY DAVID RICARDO, ESQ.

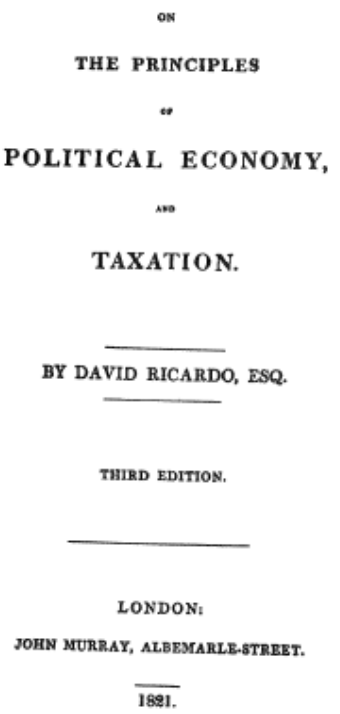
SECOND EDITION.

LONDON:

JOHN MURRAY, ALBEMARLE-STREET.

1819.

1819



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THE PRINCIPLES

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POLITICAL ECONOMY,

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TAXATION.

BY DAVID RICARDO, ESQ.

THIRD EDITION.

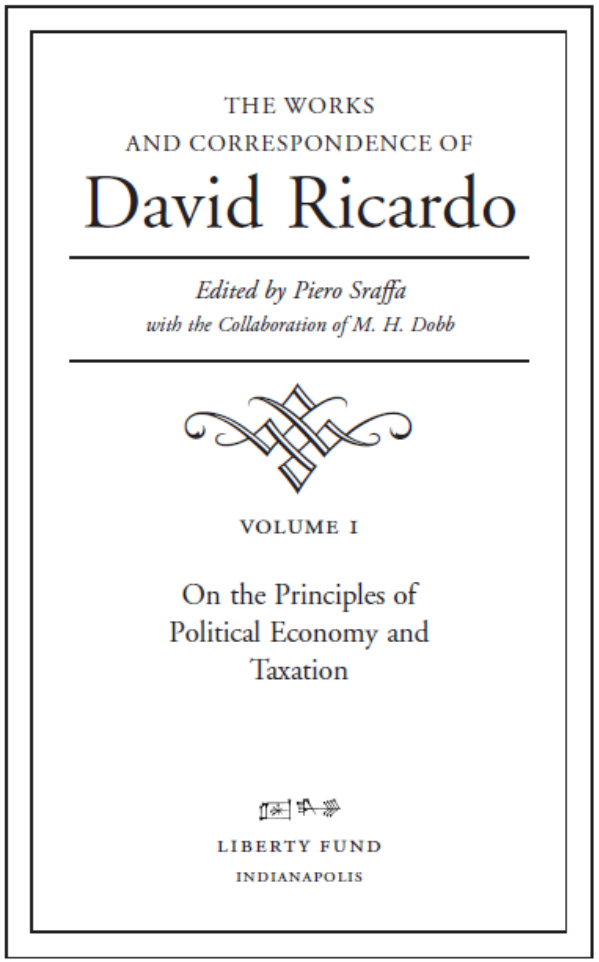
LONDON:

JOHN MURRAY, ALBEMARLE-STREET.

1821.

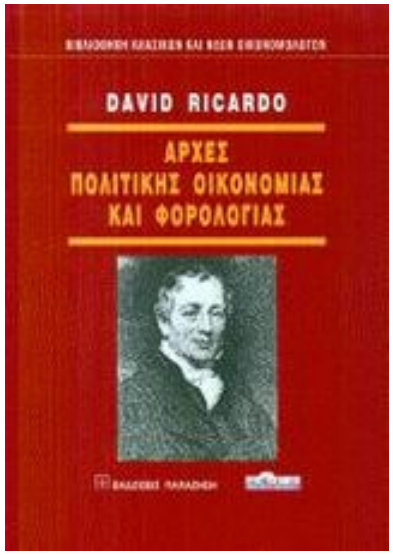
1821

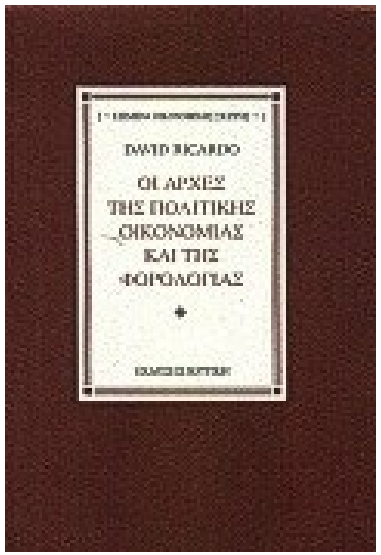
David Ricardo (1772-1823)

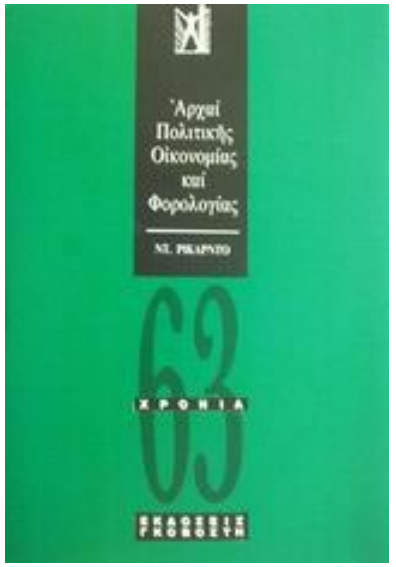


Sraffa edition combining all three editions

David Ricardo (1772-1823)







David Ricardo, *Αρχές πολιτικής οικονομίας και φορολογίας*, επιμέλεια-μετάφραση Νικηφόρος Σταματάκης, επιμέλεια σειράς Μιχάλης Ψαλιδόπουλος. Αθήνα : Εκδόσεις Παπαζήση, **2002**.

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Ελληνικές μεταφράσεις

David Ricardo (1772-1823)

CHAPTER I

On Value

SECTION I

The value of a commodity, or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labour which is necessary for its production, and not on the greater or less compensation which is paid for that labour.[1]

It has been observed by Adam Smith, that "the word Value has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called *value in use;* the other *value in exchange.* The things," he continues, "which have the greatest value in use, have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange, have little or no value in use."[2] Water and air are abundantly useful; they are indeed indispensable to existence, yet, under ordinary circumstances, nothing can be obtained in exchange for them. Gold, on the contrary, though of little use compared with air or water, will exchange for a great quantity of other goods.

Utility then is not the measure of exchangeable value, although it is absolutely essential to it. If a commodity were in no way useful,—in other words, if it could in no way contribute to our gratification,—it would be destitute of exchangeable value, however scarce it might be, or whatever quantity of labour might be necessary to procure it.

Utility is a precondition but **not** a **measure of value**

David Ricardo (1772-1823)

Possessing utility, commodities derive their exchangeable value from two sources: from their scarcity, and from the quantity of labour required to obtain them.

There are some commodities, the value of which is determined by their scarcity alone. No labour can increase the quantity of such goods, and therefore their value cannot be lowered by an increased supply. Some rare statues and pictures, scarce books and coins, wines of a peculiar quality, which can be made only from grapes grown on a particular soil, of which there is a very limited quantity, are all of this description. Their value is wholly independent of the quantity of labour originally necessary to produce them, and varies with the varying wealth and inclinations of those who are desirous to possess them.

These commodities, however, form a very small part of the mass of commodities daily exchanged in the market. By far the greatest part of those goods which are the objects of desire, are procured by labour; and they may be multiplied, not in one country alone, but in many, almost without any assignable limit, if we are disposed to bestow the labour necessary to obtain them.

In speaking then of commodities, of their exchangeable value, and of the laws which regulate their relative prices, we mean always such commodities only as can be increased in quantity by the exertion of human industry, and on the production of which competition operates without restraint.

The goods he analyses are not scarce goods, rare paintings or wines, where supply and demand applies, but those goods which can be reproduced by labour and which are sold in competitive markets.

Salvator Mundi by Leonardo da Vinci, 1500, via Christie's
Estimate: POR
Realized Price: USD 450,312,500
Venue & Date: Christie's, New York, 15 November 2017, Lot 9B
Known Seller: Private European collector
Known Buyer: Mohammed bin Salman, Crown Prince of Saudi Arabia

1. Domaine de la Romanee-Conti Grand Cru 1945 – $558,000

20 Dollar 1933 Double Eagle (Farouk Specimen) - €6,446,000

David Ricardo (1772-1823)

That this is really the foundation of the exchangeable value of all things, excepting those which cannot be increased by human industry, is a doctrine of the utmost importance in political economy; for from no source do so many errors, and so much difference of opinion in that science proceed, as from the vague ideas which are attached to the word value.

If the quantity of labour realized in commodities, regulate their exchangeable value, every increase of the quantity of labour must augment the value of that commodity on which it is exercised, as every diminution must lower it.

Labour is the foundation of exchange value

David Ricardo (1772-1823)

SECTION II

Labour of different qualities differently rewarded. This no cause of variation in the relative value of commodities.[2]

In speaking, however, of labour, as being the foundation of all value, and the relative quantity of labour as almost exclusively[3] determining the relative value of commodities, I must not be supposed to be inattentive to the different qualities of labour, and the difficulty of comparing an hour's or a day's labour, in one employment, with the same duration of labour in another. The estimation[4] in which different qualities of labour are held, comes soon to be adjusted in the market with sufficient precision for all practical purposes, and depends much on the comparative skill of the labourer, and intensity of the labour performed. The scale, when once formed, is liable to little variation. If a day's labour of a working jeweller be more valuable than a day's labour of a common labourer, it has long

Works of different types have different qualities, but this is not a problem for the theory

David Ricardo (1772-1823)

SECTION III

Not only the labour applied immediately to commodities affect their value, but the labour also which is bestowed on the implements, tools, and buildings, with which such labour is assisted.[2]

The labour that is counted is not that of the last stage, but also that of all the previous stages of production and that which goes into the construction of tools, buildings, ships, etc.

If we look to a state of society in which greater improvements have been made, and in which arts and commerce flourish, we shall still find that commodities vary in value conformably with this principle: in estimating the exchangeable value of stockings, for example, we shall find that their value, comparatively with other things, depends on the total quantity of labour necessary to manufacture them, and bring them to market. First, there is the labour necessary to cultivate the land on which the raw cotton is grown; secondly, the labour of conveying the cotton to the country where the stockings are to be manufactured, which includes a portion of the labour bestowed in building the ship in which it is conveyed, and which is charged in the freight of the goods; thirdly, the labour of the spinner and weaver; fourthly, a portion of the labour of the engineer, smith, and carpenter, who erected the buildings and machinery, by the help of which they are made; fifthly, the labour of the retail dealer, and of many others, whom it is unnecessary further to particularize. The aggregate sum of these various kinds of labour, determines the quantity of other things for which these stockings will exchange, while the same consideration of the various quantities of labour which have been bestowed on those other things, will equally govern the portion of them which will be given for the stockings.

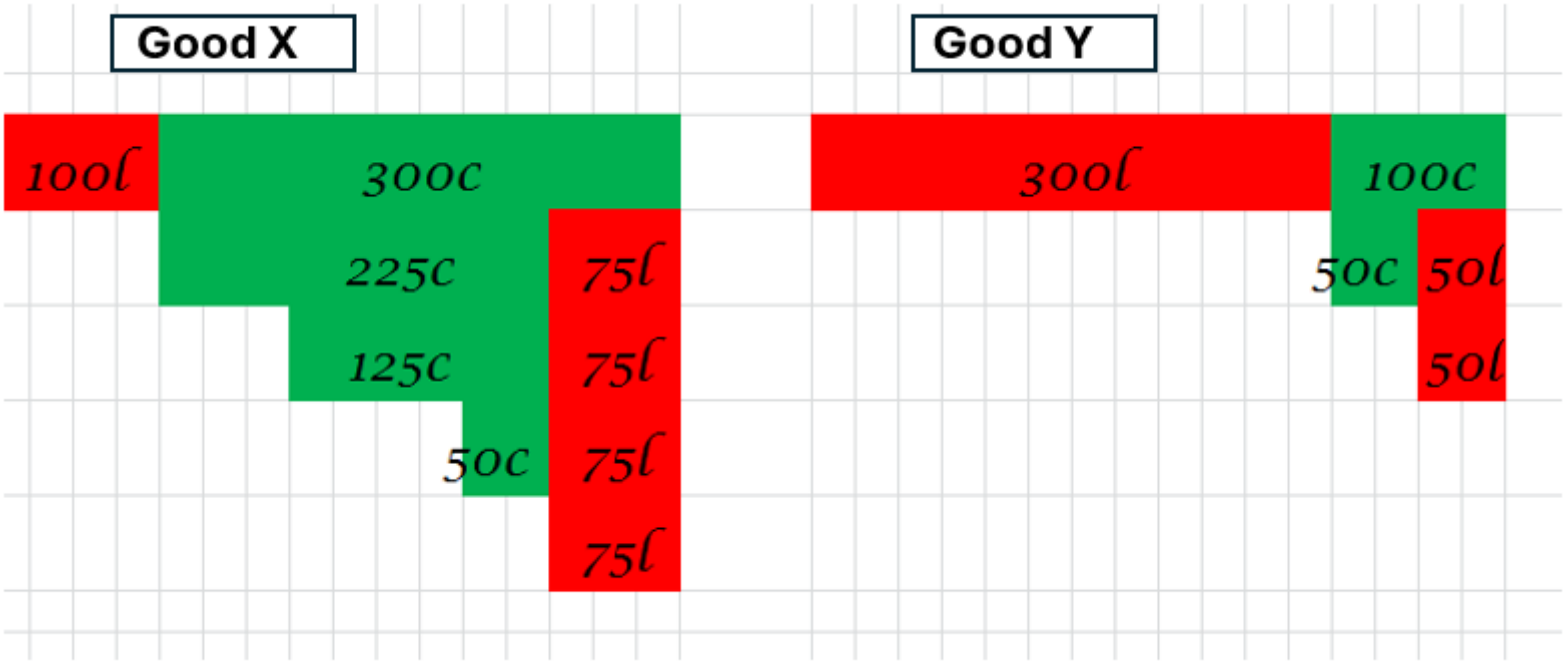
David Ricardo (1772-1823)

SECTION IV

The principle that the quantity of labour bestowed on the production of commodities regulates their relative value, considerably modified by the employment of machinery and other fixed and durable capital.[2]

The time structure of production modifies the measurement of the relative value of goods with the labour involved because profit is calculated at each stage of production

David Ricardo (1772-1823)



Take two goods which both contain 400 units of labour but at different stages of production. Good Y has 300 labour units at the final stage, while good X has only 100.

David Ricardo (1772-1823)

The labour cost wL_t entered at stage t, must have a profit $wL_t(1+r)^t$, i.e., the cost of the machinery involving labour in earlier stages must be

$$\sum_{t=1}^{T} wL_t \left(1+r\right)^t$$

So the price of a good should be

$$P_X = \left[wL_0^X + \sum_{t=1}^{T} wL_t^X \left(1+r\right)^t \right] \left(1+r\right)$$

David Ricardo (1772-1823)

Thus, the relative prices of two goods cannot express the relative quantities of labour involved, since

$$\frac{P_X}{P_Y} = \frac{\left[wL_0^X + \sum_{t=1}^{T} wL_t^X \left(1+r\right)^t \right]\left(1+r\right)}{\left[wL_0^Y + \sum_{t=1}^{T} wL_t^Y \left(1+r\right)^t \right]\left(1+r\right)} \neq \frac{\sum_{t=0}^{T} L_t^X}{\sum_{t=0}^{T} L_t^Y}$$

as a pure labour theory would require.
For different w and r the relative values change

David Ricardo (1772-1823)

If we use the numerical example of goods X and Y, then for a wage equal to 1 euro and a profit rate of 50% the prices will be respectively

			Good X						**Good Y**	
	rate of profit		50%				*rate of profit*		50%	
	wage		1.00 €				*wage*		1.00 €	
Period	*Labour Units*		*Cost of labour*		*Cost of capital*	*Period*	*Labour Units*		*Cost of labour*	*Cost of capital*
			Labour units x *wage*		*Cost of labour* x *(1+r)^t*				*Labour units* x *wage*	*Cost of labour* x *(1+r)^t*
1	100		100.00 €		150.00 €	1	300		300.00 €	450.00 €
2	75		75.00 €		168.75 €	2	50		50.00 €	112.50 €
3	75		75.00 €		253.13 €	3	50		50.00 €	168.75 €
4	75		75.00 €		379.69 €					
5	75		75.00 €		569.53 €					
Labour Units	**400**		**Price**		**1,521.09 €**	*Labour Units*	**400**		**Price**	**731.25 €**

David Ricardo (1772-1823)

Whereas for a wage equal to 2 euros and a profit rate of 10% the prices will be respectively

				Good X						**Good Y**		
		rate of profit		10%				*rate of profit*		10%		
		wage		2.00 €				*wage*		2.00 €		
	Period	*Labour Units*		*Cost of labour*		*Cost of capital*	*Period*	*Labour Units*		*Cost of labour*		*Cost of capital*
				Labour units x *wage*		*Cost of labour* x *(1+r)^t*				*Labour units* x *wage*		*Cost of labour* x *(1+r)^t*
	1	100		200.00 €		220.00 €	1	300		600.00 €		660.00 €
	2	75		150.00 €		181.50 €	2	50		100.00 €		121.00 €
	3	75		150.00 €		199.65 €	3	50		100.00 €		133.10 €
	4	75		150.00 €		219.62 €						
	5	75		150.00 €		241.58 €						
	Labour Units	**400**		**Price**		**1,062.34 €**	*Labour Units*	**400**		**Price**		**914.10 €**

David Ricardo (1772-1823)

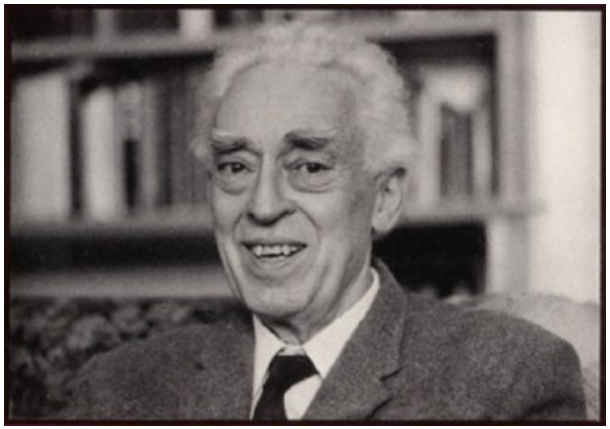
rate of profit		50%	10%
wage		1.00 €	2.00 €
Price of Good X		**1,522.59 €**	**1,062.34 €**
Price of Good Y		**731.25 €**	**914.10 €**

So the relative prices are 1,522.59/731.25 in the first case and 1,062.34/914.10 in the second, while the two goods contain the same amount of labour

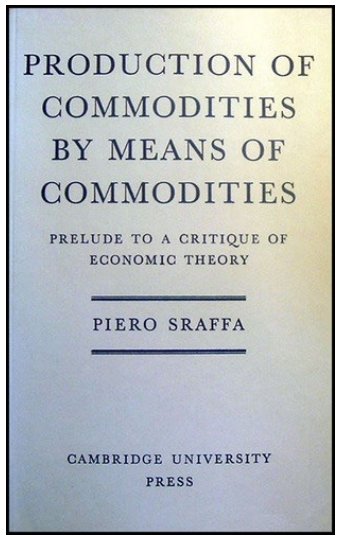
David Ricardo (1772-1823)

Ricardo searched for an absolute measure of value that would be invariant to changes in the distribution between profit and wages, looking for a good that would reflect the average time structure of production throughout the economy

The "solution" was given in 1960 by Piero Sraffa, however, eliminating, however, labour from the "labour" theory of value.



Piero Sraffa
(1898-1983)



1960

David Ricardo (1772-1823)

Under a system of perfectly free commerce, each country naturally devotes its capital and labour to such employments as are most beneficial to each. This pursuit of individual advantage is admirably connected with the universal good of the whole. By stimulating industry, by rewarding ingenuity, and by using most efficaciously the peculiar powers bestowed by nature, it distributes labour most effectively and most economically: while, by increasing the general mass of productions, it diffuses general benefit, and binds together by one common tie of interest and intercourse, the universal society of nations throughout the civilized world. It is this principle which determines that wine shall be made in France and Portugal, that corn shall be grown in America and Poland, and that hardware and other goods shall be manufactured in England.

The virtues of international trade: England will produce manufactured goods and the rest will produce agricultural goods.

David Ricardo (1772-1823)

England may be so circumstanced, that to produce the cloth may require the labour of 100 men for one year; and if she attempted to make the wine, it might require the labour of 120 men for the same time. England would therefore find it her interest to import wine, and to purchase it by the exportation of cloth.

To produce the wine in Portugal, might require only the labour of 80 men for one year, and to produce the cloth in the same country, might require the labour of 90 men for the same time. It would therefore be advantageous for her to export wine in exchange for cloth. This exchange might even take place, notwithstanding that the commodity imported by Portugal could be produced there with less labour than in England. Though she could make the cloth with the labour of 90 men, she would import it from a country where it required the labour of 100 men to produce it, because it would be advantageous to her rather to employ her capital in the production of wine, for which she would obtain more cloth from England, than she could produce by diverting a portion of her capital from the cultivation of vines to the manufacture of cloth.

Even if Portugal is more productive than England in the production of both wine and cloth, it is still in her interest to export wine and import cloth if she has a comparative advantage in wine.

Hours of labour needed to produce wine and cloth in England and Portugal		
	England	Portugal
Wine	120	80
Cloth	100	90

David Ricardo (1772-1823)

The criticism of the theory of comparative advantage argues that in the long run the terms of trade are to the detriment of agriculture, so a specialisation in agriculture hinders the development of a country. Instead, countries should protect their infant industries until they mature.

David Ricardo (1772-1823)

Theory of National Debt

David Ricardo (1772-1823)

Ricardo, like most classical economists, is opposed to public borrowing to finance government spending. But he observed that from a purely theoretical point of view there is no difference whether the expenditure is financed through taxes, borrowing to be repaid over a certain period, or through bonds that will never repay the principal but will pay interest in perpetuity. This analysis later became known as "Ricardian equivalence"'.

- *On the Principles of Political Economy and Taxation*
- [as E.E.E.] "Funding System", An article in the Supplement to the Fourth, Fifth and Sixth Editions of the *Encyclopaedia Britannica*, 1820
- James Buchanan, "Barro on the Ricardian Equivalence Theorem", *Journal of Political Economy*, 1976, 84 (2): 337-342.
- Andrew B. Abel, "Ricardian equivalence theorem", in J. Eatwell, M. Milgate & P. Newman (eds), *The New Palgrave: A Dictionary of Economics*, London, Macmillan, 1987, vol. 4: 174-179.

David Ricardo (1772-1823)

Taxes which are levied on a country for the purpose of supporting war, or for the ordinary expenses of the State, and which are chiefly devoted to the support of unproductive labourers, are taken from the productive industry of the country; and every saving which can be made from such expenses will be generally added to the income, if not to the capital of the contributors. When, for the expenses of a year's war, twenty millions are raised by means of a loan, it is the twenty millions which are withdrawn from the productive capital of the nation. The million per annum which is raised by taxes to pay the interest of this loan, is merely transferred from those who pay it to those who receive it, from the contributor to the tax, to the national creditor. The real expense is the twenty millions, and not the interest which must be paid for it.* Whether the interest be or be not paid, the country will neither be richer nor poorer. Government might at once have required the twenty millions in the shape of taxes; in which case it would not have been necessary to raise annual taxes to the amount of a million. This, however, would not have changed the nature of the transaction. An individual instead of being called upon to pay 100*l.* per annum, might have been obliged to pay 2000*l.* once for all. It might also have suited his convenience rather to borrow this 2000*l.*, and to pay 100*l.* per annum for interest to the lender, than to spare the larger sum from his own funds. In one case it is a private transaction between A and B, in the other Government guarantees to B the payment of interest[1] to be equally paid by A.

* "Melon says,[1] that the debts of a nation are debts due from the right hand to the left, by which the body is not weakened. It is true that the general wealth is not diminished by the payment of the interest on arrears of the debt: The dividends are a value which passes from the hand of the contributor to the national creditor: Whether it be the national creditor or the contributor who accumulates or consumes it, is, I agree, of little importance to the society; but the principal of the debt—what has become of that? It exists no more. The consumption which has followed the loan has annihilated a capital which will never yield any further revenue. The society is deprived not of the amount of interest, since that passes from one hand to the other, but of the revenue from a destroyed capital. This capital, if it had been employed productively by him who lent it to the State, would equally have yielded him an income, but that income would have been derived from a real production, and would not have been furnished from the pocket of a fellow citizen."—*Say*, vol. ii. p. 357. This is both conceived and expressed in the true spirit of the science.

[1] *Essai politique sur le commerce*, 'nouvelle édition', 1761, p. 296.

On the Principles of Political Economy and Taxation

David Ricardo (1772-1823)

SUPPLEMENT

TO THE

FOURTH, FIFTH, AND SIXTH EDITIONS

OF THE

ENCYCLOPÆDIA BRITANNICA.

WITH PRELIMINARY DISSERTATIONS

ON THE

HISTORY OF THE SCIENCES.

Illustrated by Engravings.

VOLUME FOURTH.

EDINBURGH:
PRINTED FOR ARCHIBALD CONSTABLE AND COMPANY, EDINBURGH;
AND HURST, ROBINSON, AND COMPANY,
LONDON.
1824.

FUNDING SYSTEM.

Funding System.

UNDER this head we propose, first, to give an account of the rise, progress, and modifications of the SINKING FUND, accompanied with some observations as to the probability of its accomplishing the object for which it was instituted; and, next, briefly to consider the best mode of providing for our annual expenditure both in war and peace,—an inquiry necessarily involving the policy of that SYSTEM OF FUNDING of which the Sinking Fund has long been considered as one of the principal recommendations and props.

I. On the subject of the Sinking Fund, we shall have frequent occasion to refer to the statements of Professor Hamilton, in his very valuable publication,

surplus duties, which, according to the original plan, ought to have been appropriated to the sinking fund. Funding System.

"Soon after, the principle of preserving the sinking fund inviolable was abandoned. In 1733, L. 500,000 was taken from that fund, and applied to the services of the year."—"In 1734, L. 1,200,000 was taken from the sinking fund for current services; and, in 1735, it was anticipated and mortgaged." The produce of the sinking fund, at its commencement in 1717, was L. 323,437. In 1776, it was at its highest amount, being then L. 3,166,517; in 1780, it had sunk to L. 2,403,017.

"The sinking fund would have risen higher, had it not been depressed, especially in the latter period,

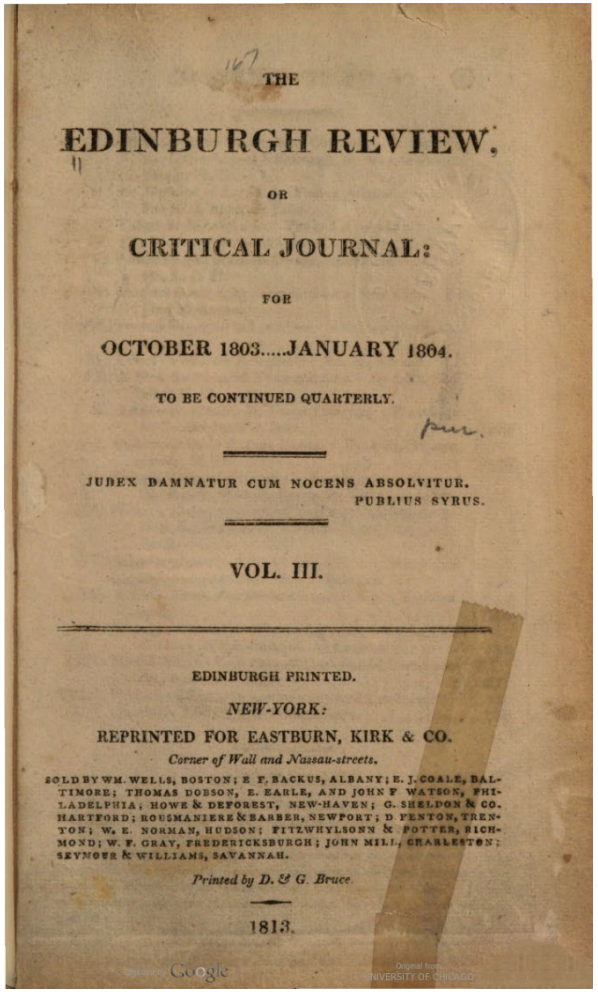
Funding System ‖ Galiani.

"if our sinking fund should accumulate, in time of peace, to so large a sum that I can take five millions *per annum* from it; I can spend L. 100,000,000 in a new war without coming to you for fresh taxes; the disadvantages of my plan are, that by now taking L. 7,000,000 *per annum* from it, and making a provision for speedily, and at regular intervals, appropriating more of this fund to present objects, the sinking fund will be so much diminished, that I cannot so soon, by a great many years, avail myself of the five millions for the purpose which I have stated." (E. E. E.)

Funding System ‖ Galiani.

After Ricardo

After Ricardo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OR

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FOR

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TO BE CONTINUED QUARTERLY.

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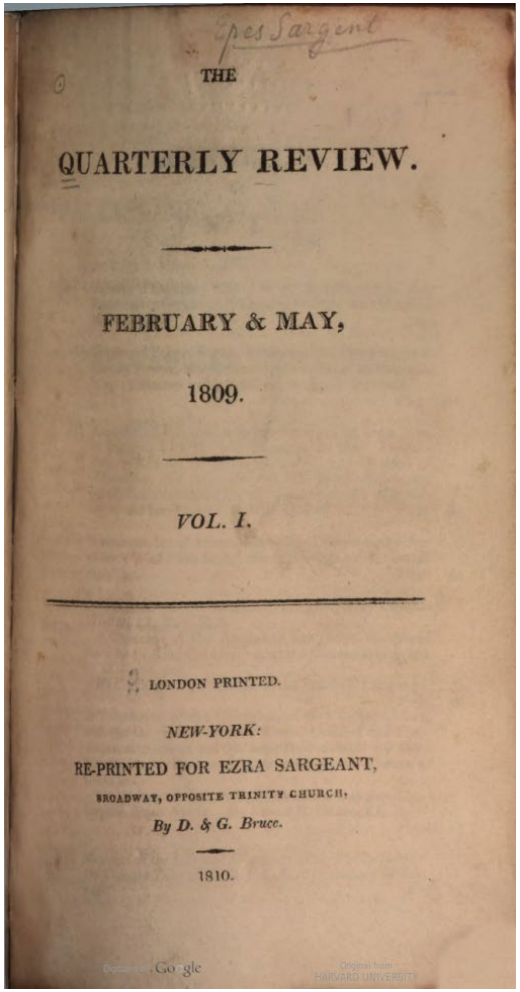
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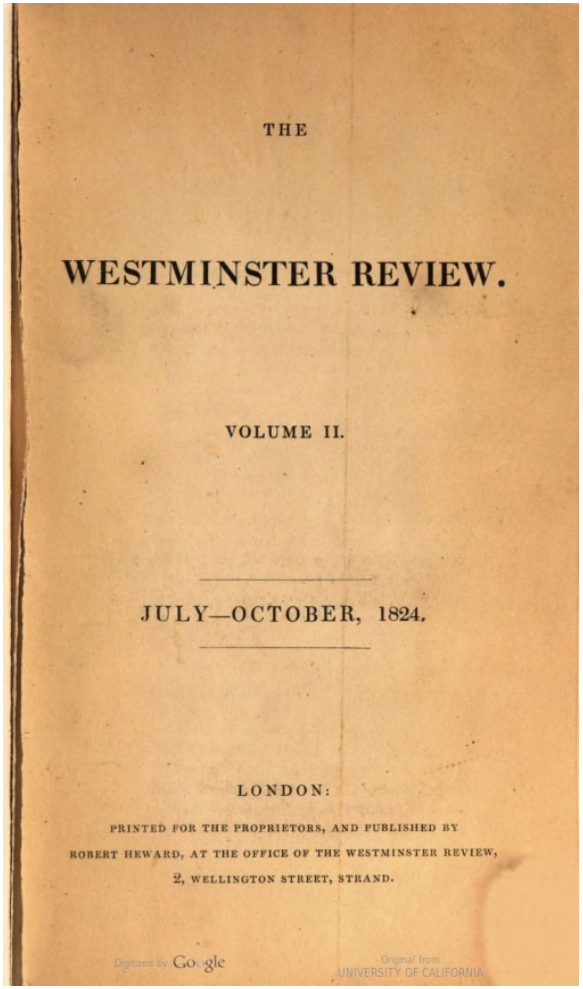
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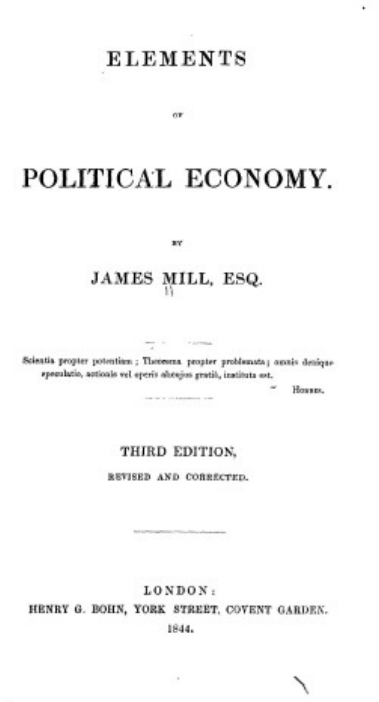
1802 1809 1824

After Ricardo

James Mill (1773 –1836)



ELEMENTS

OF

POLITICAL ECONOMY.

BY

JAMES MILL, ESQ.

Scientia propter potentiam ; Theorema propter problematis ; omnis denique speculatio, actionis vel operis alicujus gratiâ, instituta est.

Hobbes.

THIRD EDITION,

REVISED AND CORRECTED.

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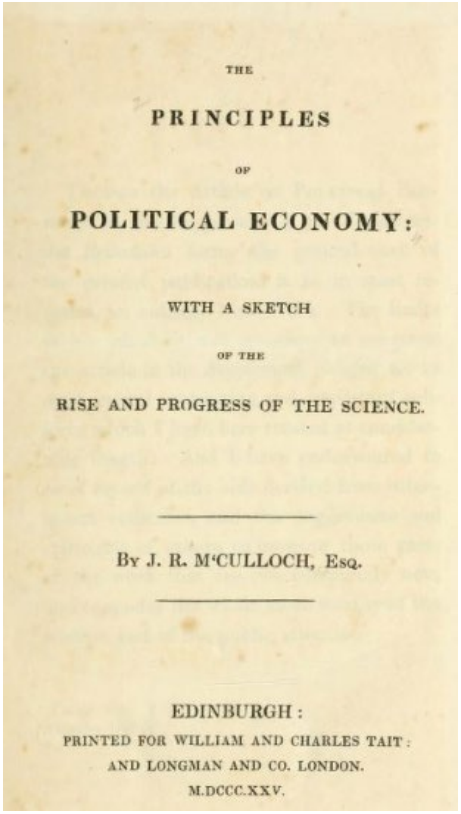
1844.

After Ricardo

John Ramsay McCulloch

(1789–1864)



THE

PRINCIPLES

OF

POLITICAL ECONOMY:

WITH A SKETCH

OF THE

RISE AND PROGRESS OF THE SCIENCE.

By J. R. M'CULLOCH, Esq.

EDINBURGH:

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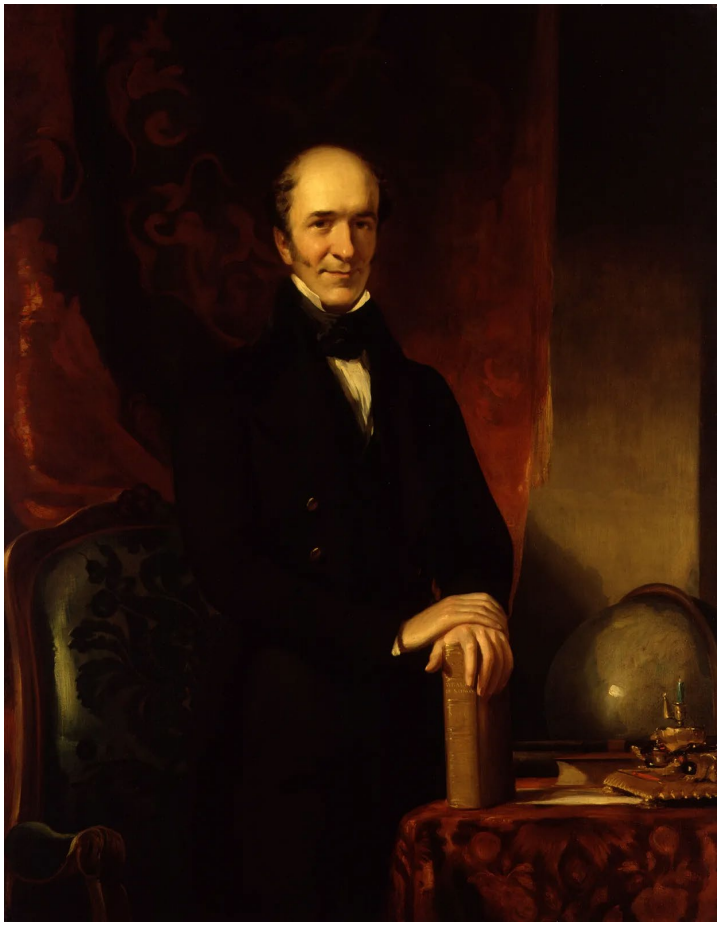


CONFESSIONS

OF AN

ENGLISH OPIUM-EATER.

LONDON:

PRINTED FOR TAYLOR AND HESSEY, FLEET STREET.

1822.

Thomas De Quincey
(1785-1859)

and the ruin of the architect. In this state of imbecility, I had, for amusement, turned my attention to political economy; my understanding, which formerly had been as active and restless as a hyena, could not, I suppose (so long as I lived at all) sink into utter lethargy; and political economy offers this advantage to a person in my state, that though it is eminently an organic science (no part, that is to say, but what acts on the whole, as the whole again reacts on each part), yet the several parts may be detached and contemplated singly. Great as was the prostration of my powers at this time, yet I could not forget my knowledge; and my understanding had been for too many years intimate with severe thinkers, with logic, and the great masters of knowledge, not to be aware of the utter feebleness of the main herd of modern economists. I had been led in 1811 to look into loads of books and pamphlets on many branches of economy; and, at my desire, M. sometimes read to me chapters from more recent works, or parts of parliamentary debates. I saw that these were generally the very dregs and rinsings of the human intellect; and that any man of sound head, and practised in wielding logic

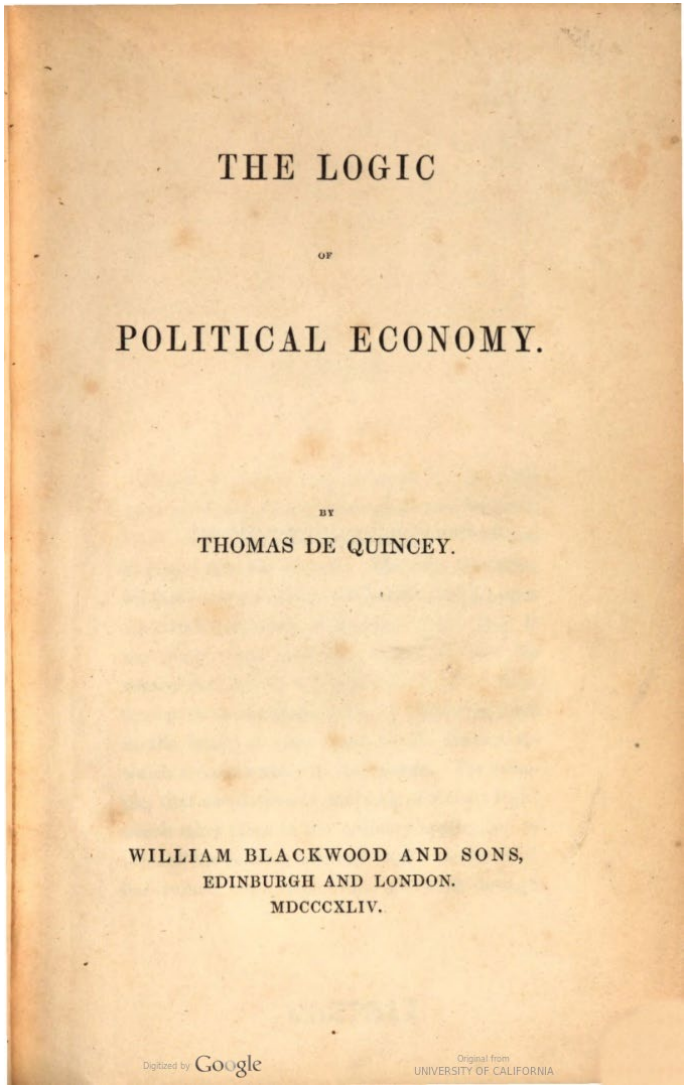
with a scholastic adroitness, might take up the whole academy of modern economists, and throttle them between heaven and earth with his finger and thumb, or bray their fungus heads to powder with a lady's fan. At length, in 1819, a friend in Edinburgh sent me down Mr. Ricardo's book: and recurring to my own prophetic anticipation of the advent of some legislator for this science, I said, before I had finished the first chapter, "Thou art the man!" Wonder and curiosity were emotions that had long been dead in me. Yet I wondered once more: I wondered at myself that I could once again be stimulated to the effort of reading: and much more I wondered at the book. Had this profound work been really written in England during the nineteenth century? Was it possible? I supposed thinking* had

* The reader must remember what I here mean by *thinking*: because, else this would be a very presumptuous expression. England, of late, has been rich to excess in fine thinkers, in the departments of creative and combining thought: but there is a sad dearth of masculine thinkers in any analytic path. A Scotchman of eminent name has lately told us, that he is obliged to quit even mathematics, for want of encouragement.

been extinct in England. Could it be that an Englishman, and he not in academic bowers, but oppressed by mercantile and senatorial cares, had accomplished what all the universities of Europe, and a century of thought, had failed even to advance by one hair's breadth? All other writers had been crushed and overlaid by the enormous weight of facts and documents; Mr. Ricardo had deduced, *à priori*, from the understanding itself, laws which first gave a ray of light into the unwieldy chaos of materials, and had constructed what had been but a collection of tentative discussions into a science of regular proportions, now first standing on an eternal basis.

Thus did one single work of a profound understanding avail to give me a pleasure and an activity which I had not known for years: — it roused me even to write, or, at least, to dictate, what M. wrote for me. It seemed to me, that some important truths had escaped even "the inevitable eye" of Mr. Ricardo: and, as these were, for the most part, of such a nature that I could express or illustrate them more briefly and elegantly by algebraic symbols than in the usual clumsy and loitering diction of economists, the whole would not have filled a pocket-book; and being so brief, with M. for my amanuensis, even at this time, incapable as I was of all general exertion, I drew up my *Prolegomena to all future Systems of Political Economy*. I hope it will not be found redolent of opium; though, indeed, to most people, the subject itself is a sufficient opiate.

This exertion, however, was but a temporary flash; as the sequel showed — for I designed to publish my work: arrangements were made at a provincial press, about eighteen miles distant, for printing it. An additional compositor was retained, for some days, on this account. The work was even twice advertised: and I was, in a manner, pledged to the fulfilment of my intention. But I had a preface to write; and a dedication, which I wished to make a splendid one, to Mr. Ricardo. I found myself quite unable to accomplish all this. The arrangements were countermanded: the compositor dismissed: and my "Prolegomena" rested



THE LOGIC

OF

POLITICAL ECONOMY.

BY

THOMAS DE QUINCEY.

WILLIAM BLACKWOOD AND SONS,
EDINBURGH AND LONDON.
MDCCCXLIV.

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Thomas De Quincey
(1785-1859)

Ricardian Socialists

- Thomas Hodgskin (1787–1869)
- William Thompson (1775-1833)
- John Gray (1799–1883)
- John Bray (1809–97)

Robert Owen (1771–1858)

Since 1848 capitalist production has developed rapidly in Germany, and at the present time it is in the full bloom of speculation and swindling. But fate is still unpropitious to our professional economists. At the time when they were able to deal with political economy in an unprejudiced way, modern economic conditions were absent from the reality of Germany. And as soon as these conditions did come into existence, it was under circumstances that no longer permitted their impartial investigation within the bounds of the bourgeois horizon. In so far as political economy is bourgeois, i.e. in so far as it views the capitalist order as the absolute and ultimate form of social production, instead of as a historically transient stage of development, it can only remain a science while the class struggle remains latent or manifests itself only in isolated and sporadic phenomena.

Let us take England. Its classical political economy belongs to a period in which the class struggle was as yet undeveloped. Its last great representative, Ricardo, ultimately (and consciously) made the antagonism of class interests, of wages and profits, of profits and rent, the starting-point of his investigations, naïvely taking this antagonism for a social law of nature. But with this contribution the bourgeois science of economics had reached the limits beyond which it could not pass. Already in Ricardo's lifetime, and in opposition to him, it was met by criticism in the person of Sismondi.[1]

The succeeding period, from 1820 to 1830, was notable in England for the lively scientific activity which took place in the field of political economy. It was the period of both the vulgarizing and the extending of Ricardo's theory, and of the contest of that theory with the old school. Splendid tournaments were held. What was achieved at that time is little known on the European Continent, because the polemic is for the most part scattered over articles in reviews, *pièces d'occasion* and pamphlets. The unprejudiced character of this polemic – although Ricardo's theory already serves, in exceptional cases, as a weapon with which to attack the bourgeois economic system – is explained by the circumstances of the time. On the one hand, large-scale industry itself was only just emerging from its childhood, as is shown by the fact that the periodic cycle of its modern life opens for the first time with the crisis of 1825. On the other hand, the class struggle between capital and labour was forced into the background, politically by the discord between the governments and the feudal aristocracy gathered around the Holy Alliance, assembled in one camp, and the mass of the people, led by the bourgeoisie, in the other camp, and economically by the quarrel between industrial capital and aristocratic landed property. This latter quarrel was concealed in France by the antagonism between small-scale, fragmented property and big landownership, but in England it broke out openly after the passing of the Corn Laws. The literature of political economy in England at this time calls to mind the economic 'storm and stress period' which in France followed the death of Dr Quesnay,* but only as an Indian summer reminds us of spring. With the year 1830 there came the crisis which was to be decisive, once and for all.

In France and England the bourgeoisie had conquered political power. From that time on, the class struggle took on more and more explicit and threatening forms, both in practice and in theory. It sounded the knell of scientific bourgeois economics. It was thenceforth no longer a question whether this or that theorem was true, but whether it was useful to capital or harmful, expedient or inexpedient, in accordance with police regulations or contrary to them. In place of disinterested inquirers there stepped hired prize-fighters; in place of genuine scientific research, the bad conscience and evil intent of apologetics. Still, even the importunate pamphlets with which the Anti-Corn Law League, led by the manufacturers Cobden and Bright, deluged the world offer a historical interest, if no scientific one, on account of their polemic against the landed aristocracy. But since then the free-trade legislation inaugurated by Sir Robert Peel has deprived vulgar economics even of this, its last sting.

The Continental revolution of 1848 also had its reaction in

1. See my work *Zur Kritik der Politischen Ökonomie*, p. 39 [English translation, p. 61].

*Dr Quesnay died in 1774. His death was immediately followed by Turgot's attempt to put Physiocratic ideas into practice, while he was Louis XVI's Controller-General (1774–6). His fall in 1776 opened a period of political and economic crisis which culminated in the French Revolution. It is this which Marx has in mind, rather than the (somewhat exiguous) theoretical writings of the period after 1774.

NJ Theocarakis UoA Classical Political Economy: Malthus & Ricardo

England. Men who still claimed some scientific standing and aspired to be something more than mere sophists and sycophants of the ruling classes tried to harmonize the political economy of capital with the claims, no longer to be ignored, of the proletariat. Hence a shallow syncretism, of which John Stuart Mill is the best representative. This is a declaration of bankruptcy by 'bourgeois' economics, an event already illuminated in a masterly manner by the great Russian scholar and critic N. Chernyshevsky, in his *Outlines of Political Economy According to Mill*.

In Germany, therefore, the capitalist mode of production came to maturity after its antagonistic character had already been revealed, with much sound and fury, by the historical struggles which took place in France and England. Moreover, the German proletariat had in the meantime already attained a far clearer theoretical awareness than the German bourgeoisie. Thus, at the very moment when a bourgeois science of political economy at last seemed possible in Germany, it had in reality again become impossible.

Under these circumstances its spokesmen divided into two groups. The one set, prudent, practical business folk, flocked to the banner of Bastiat, the most superficial and therefore the most successful representative of apologetic vulgar economics; the other set, proud of the professorial dignity of their science, followed John Stuart Mill in his attempt to reconcile the irreconcilable. Just as in the classical period of bourgeois economics, so also in the period of its decline, the Germans remained mere pupils, imitators and followers, petty retailers and hawkers in the service of the great foreign wholesale concern.

The peculiar historical development of German society therefore excluded any original development of 'bourgeois' economics there, but did not exclude its critique. In so far as such a critique represents a class, it can only represent the class whose historical task is the overthrow of the capitalist mode of production and the final abolition of all classes – the proletariat.

The learned and unlearned spokesmen of the German bourgeoisie tried at first to kill *Das Kapital* with silence, a technique which had succeeded with my earlier writings. As soon as they found that these tactics no longer fitted the conditions of the time, they wrote prescriptions 'for tranquillizing the bourgeois mind', on the pretext of criticizing my book. But they found in the workers' press – see for example Joseph Dietzgen's articles in the

*Volksstaat** – champions stronger than themselves, to whom they still owe a reply even now.[2]

An excellent Russian translation of *Capital* appeared in the spring of 1872 in St Petersburg. The edition of 3,000 copies is already nearly exhausted. As early as 1871, N. Sieber, Professor of Political Economy in the University of Kiev, in his work *David Ricardo's Theory of Value and of Capital*, referred to my theory of value, money and capital as in its fundamentals a necessary sequel to the teaching of Smith and Ricardo. What astonishes a Western European when he reads this solid piece of work is the author's consistent and firm grasp of the purely theoretical position.

That the method employed in *Capital* has been little understood is shown by the various mutually contradictory conceptions that have been formed of it.

Thus the Paris *Revue Positiviste*† reproaches me for, on the one hand, treating economics metaphysically, and, on the other hand – imagine this! – confining myself merely to the critical analysis of the actual facts, instead of writing recipes (Comtist ones?) for the cook-shops of the future. Professor Sieber has already given the answer to the reproach about metaphysics: 'In so far as it deals

2. The mealy-mouthed babblers of German vulgar economics grumbled about the style of my book. No one can feel the literary shortcomings of *Capital* more strongly than I myself. Yet I will quote in this connection one English and one Russian notice, for the benefit and enjoyment of these gentlemen and their public. The *Saturday Review*, an entirely hostile journal, said in its notice of the first edition: 'The presentation of the subject invests the driest economic questions with a certain peculiar charm.' The *St Petersburg Journal* (*Sankt-Peterburgskye Vyedomosty*), in its issue of 20 April 1872, says: 'The presentation of the subject, with the exception of one or two excessively specialized parts, is distinguished by its comprehensibility to the general reader, its clearness, and, in spite of the high scientific level of the questions discussed, by an unusual liveliness. In this respect the author in no way resembles . . . the majority of German scholars, who . . . write their books in a language so dry and obscure that the heads of ordinary mortals are cracked by it.'

* Dietzgen's articles on *Capital* actually appeared in Nos. 31, 34, 35 and 36 of the *Demokratisches Wochenblatt* in 1868. After the founding congress of the German Social Democratic Workers' Party in 1869 the paper was made its official organ, and renamed *Der Volksstaat*.

† *La Philosophie Positive. Revue* was the journal of the followers of Auguste Comte. It appeared in Paris between 1867 and 1883, under the editorship of E. Littré.

MISÈRE

DE

LA PHILOSOPHIE

—

RÉPONSE A

LA PHILOSOPHIE DE LA MISÈRE

DE M. PROUDHON.

Par Karl Marx.

PARIS.
A. FRANK,
69, rue Richelieu

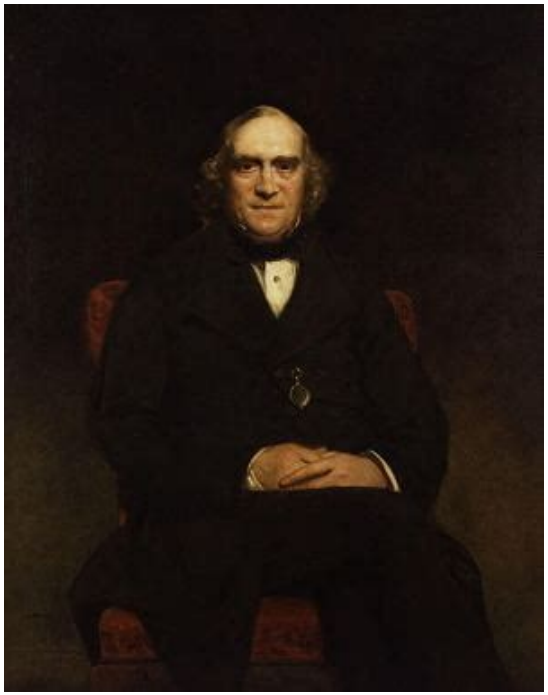
BRUXELLES.
C. G. VOGLER,
2, petite rue de la Madeleine.

1847

Cover of the first edition of Marx's *The Poverty of Philosophy*

MECW vol. 6, p. 138

Anyone who is in any way familiar with the trend of political economy in England cannot fail to know that almost all the socialists in that country have, at different periods, proposed the equalitarian application of the Ricardian theory. We could quote for M. Proudhon: Hodgskin, *Political Economy*, 1827[75]; William Thompson, *An Inquiry into the Principles of the Distribution of Wealth Most Conducive to Human Happiness*, 1824; T. R. Edmonds, *Practical Moral and Political Economy*, 1828, etc., etc., and four pages more of *etc.* We shall content ourselves with listening to an English *Communist*, Mr. Bray. We shall give the decisive passages in his remarkable work, *Labour's Wrongs and Labour's Remedy*, Leeds, 1839, and we shall dwell some time upon it, firstly, because Mr. Bray is still little known in France, and, secondly, because we think that we have discovered in him the key to the past, present and future works of M. Proudhon.



Thomas Hodgskin
(1787–1869)

POPULAR

POLITICAL ECONOMY.

FOUR LECTURES

DELIVERED AT THE

LONDON MECHANICS' INSTITUTION.

BY THOMAS HODGSKIN,

FORMERLY HONORARY SECRETARY TO THE INSTITUTION.

"The laws which determine the prosperity of nations are not the work of man; they are derived from the nature of things. We do not establish; we discover them."
I. B. Say.

LONDON:

PRINTED FOR CHARLES TAIT, 63, FLEET STREET;
AND WILLIAM TAIT, 78, PRINCE'S STREET,
EDINBURGH.

1827.

LABOUR DEFENDED

AGAINST

THE CLAIMS OF CAPITAL;

OR,

THE UNPRODUCTIVENESS OF CAPITAL PROVED

WITH REFERENCE TO

The Present Combinations amongst Journeymen.

BY A LABOURER.

LONDON:

PRINTED FOR KNIGHT AND LACEY, PATERNOSTER-ROW;
H. S. BAYNES AND CO. EDINBURGH; W. R. M'PHUN, GLASGOW; AND
WESTLEY AND TYRRELL DUBLIN.

MDCCCXXV.

PRICE ONE SHILLING.

No. 37. W. Thompson, c. 1830. Oil. G. Chinnery.

William Thompson
(1775-1833)

AN

INQUIRY

INTO

THE PRINCIPLES OF

The Distribution of Wealth

MOST CONDUCIVE TO

HUMAN HAPPINESS;

APPLIED TO

THE NEWLY PROPOSED SYSTEM

OF

VOLUNTARY EQUALITY OF WEALTH.

BY

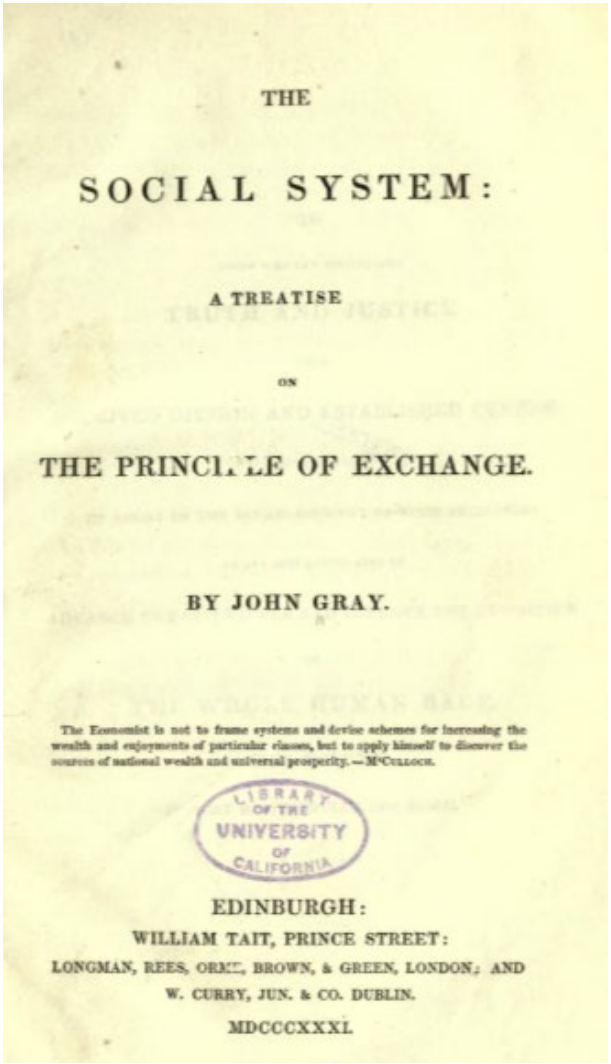
WILLIAM THOMPSON.

LONDON:

PRINTED FOR

LONGMAN, HURST, REES, ORME, BROWN, AND GREEN, PATER-NOSTER-ROW; AND WHEATLEY AND ADLARD, 108 STRAND.

1824.



THE

SOCIAL SYSTEM:

A TREATISE

ON

THE PRINCIPLE OF EXCHANGE.

BY JOHN GRAY.

The Economist is not to frame systems and devise schemes for increasing the wealth and enjoyments of particular classes, but to apply himself to discover the sources of national wealth and universal prosperity.—M'Culloch.

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MDCCCXXXI.

John Gray
(1799–1883)

A LECTURE

ON

HUMAN HAPPINESS;

Being the first of a Series of Lectures on that Subject.

IN WHICH WILL BE COMPREHENDED

A GENERAL REVIEW

OF THE CAUSES OF THE EXISTING EVILS OF SOCIETY,

AND

A DEVELOPEMENT OF MEANS

BY WHICH

THEY MAY BE PERMANENTLY

AND EFFECTUALLY REMOVED.

BY JOHN GRAY.

TO WHICH ARE ADDED

The Articles of Agreement

DRAWN UP AND RECOMMENDED BY

THE LONDON CO-OPERATIVE SOCIETY,

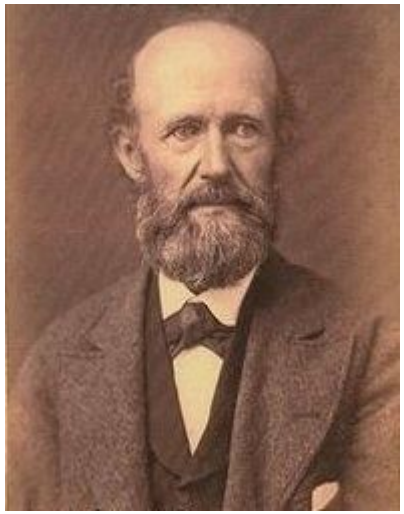
FOR THE

FORMATION OF A COMMUNITY ON PRINCIPLES

OF

Mutual Co-Operation,

WITHIN FIFTY MILES OF LONDON.



John Francis Bray
(1809–1897)

LABOUR'S WRONGS

AND LABOUR'S REMEDY;

OR,

THE AGE OF MIGHT

AND THE AGE OF RIGHT.

BY J. F. BRAY.

"We are a numerous people, and we want strength! We have an excellent soil, and we are destitute of provision! We are active and laborious, and we live in indigence! We pay enormous tributes, and we are told that they are not sufficient! We are at peace without, and our persons and property are not safe within! What, then, is the secret enemy that devours us?"—*Ruins of Empires.*

LEEDS:
PUBLISHED BY DAVID GREEN, BRIGGATE;
J. GUEST, STEELHOUSE-LANE, BIRMINGHAM
A. HEYWOOD, 60, OLDHAM-STREET, MANCHESTER;
AND SOLD BY ALL BOOKSELLERS.

1839.

Robert Owen
(1771–1858)

A New View of Society:

OR,

ESSAYS

ON THE PRINCIPLE OF THE

FORMATION OF THE HUMAN CHARACTER,

AND

THE APPLICATION OF THE PRINCIPLE

TO

PRACTICE.

ESSAY SECOND.

By ROBERT OWEN,

OF NEW LANARK.

London:

PRINTED FOR CADELL AND DAVIES, STRAND; AND
MURRAY, ALBEMARLE-STREET;

BY RICHARD AND ARTHUR TAYLOR,

PRINTERS' COURT, SHOE LANE.

1813.

DAS RECHT

AUF DEN

VOLLEN ARBEITSERTRAG

IN

GESCHICHTLICHER DARSTELLUNG

VON

DR. ANTON MENGER,
ORD. PROFESSOR DER RECHTE AN DER WIENER UNIVERSITÄT.

STUTTGART.
VERLAG DER J. G. COTTA'SCHEN BUCHHANDLUNG.
1886.

W6|65|364

THE RIGHT

TO

THE WHOLE PRODUCE OF LABOUR

THE ORIGIN AND DEVELOPMENT OF THE THEORY OF LABOUR'S CLAIM TO THE WHOLE PRODUCT OF INDUSTRY

BY

DR. ANTON MENGER
PROFESSOR OF JURISPRUDENCE IN THE UNIVERSITY OF VIENNA

TRANSLATED BY M. E. TANNER

WITH AN INTRODUCTION AND BIBLIOGRAPHY
BY H. S. FOXWELL, M.A.
PROFESSOR OF ECONOMICS AT UNIVERSITY COLLEGE, LONDON;
LECTURER AND LATE FELLOW OF ST. JOHN'S COLLEGE, CAMBRIDGE

London
MACMILLAN AND CO., LIMITED
NEW YORK: THE MACMILLAN COMPANY
1899

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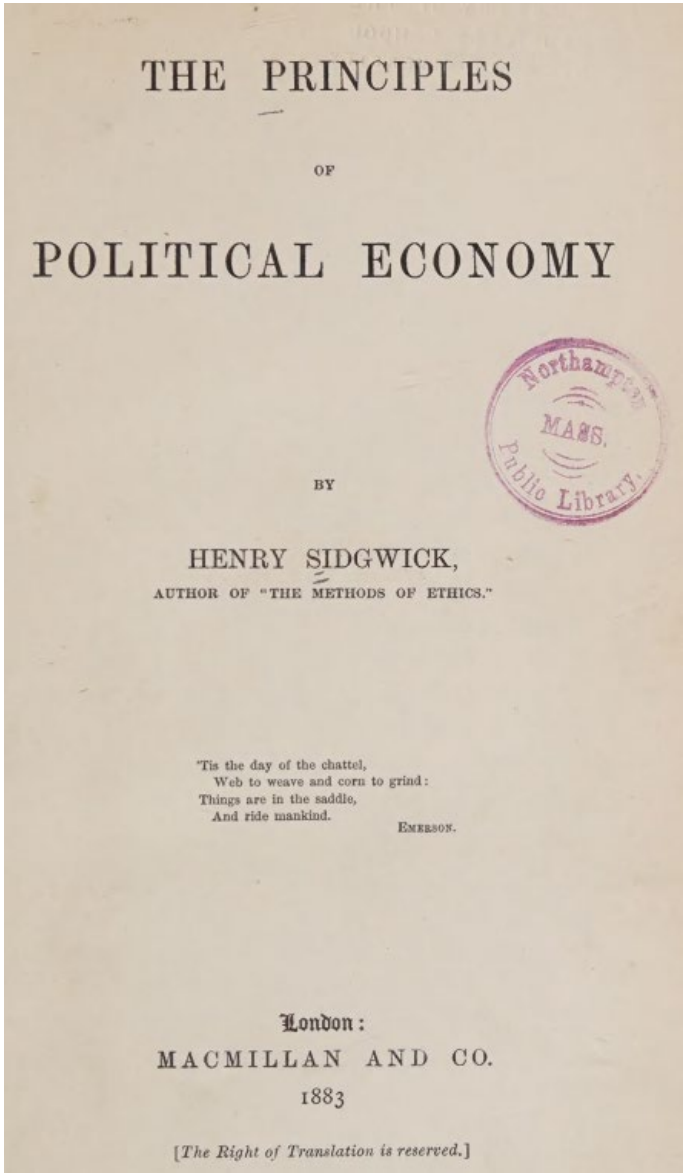


THE PRINCIPLES

OF

POLITICAL ECONOMY

Northampton MASS. Public Library.

BY

HENRY SIDGWICK,
AUTHOR OF "THE METHODS OF ETHICS."

'Tis the day of the chattel,
Web to weave and corn to grind:
Things are in the saddle,
And ride mankind.
EMERSON.

London:
MACMILLAN AND CO.
1883

[*The Right of Translation is reserved.*]

to the consumer. At any rate all economists—except those Socialists who have ingeniously perverted Ricardo's inconsistency into an argument against the remuneration of capitalists—would now agree that in McCulloch's estimate of cost "labour and delay" (or some corresponding term) must be substituted for "labour" simply.

Samuel Bailey
(1791-1870)

A

CRITICAL DISSERTATION

ON

THE NATURE, MEASURES, AND CAUSES

OF

VALUE;

CHIEFLY IN REFERENCE TO THE WRITINGS

OF

MR. RICARDO AND HIS FOLLOWERS.

BY

THE AUTHOR OF ESSAYS

ON THE

FORMATION AND PUBLICATION OF OPINIONS,

&c. &c.

Samuel Bailey

LONDON:

PRINTED FOR R. HUNTER,

ST. PAUL'S CHURCHYARD.

LECTURES

ON

POLITICAL ECONOMY,

DELIVERED IN

TRINITY AND MICHAELMAS TERMS, 1833.

BY

MOUNTIFORT LONGFIELD, LL.D.

FELLOW OF TRINITY COLLEGE, DUBLIN, AND PROFESSOR OF POLITICAL ECONOMY.

DUBLIN:

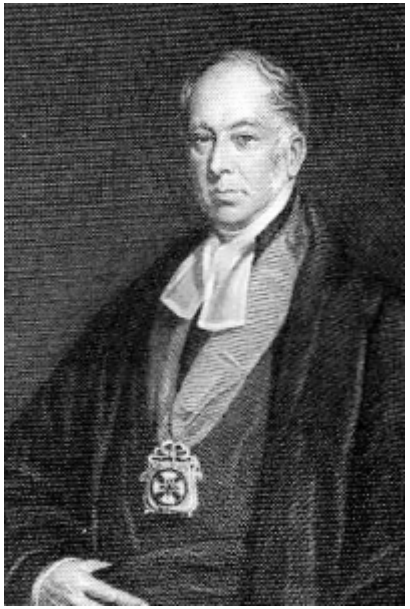
RICHARD MILLIKEN AND SON,

BOOKSELLERS TO THE UNIVERSITY.

B. FELLOWES, LUDGATE-STREET, LONDON.

1834.

Mountifort Longfield
(1802-1884)



Richard Whately
(1787-1863)

INTRODUCTORY LECTURES

ON

POLITICAL ECONOMY,

BEING

PART OF A COURSE

DELIVERED IN EASTER TERM, MDCCCXXXI.

BY

RICHARD WHATELY, D.D.

PRINCIPAL OF ST. ALBAN'S HALL;

PROFESSOR OF POLITICAL ECONOMY IN THE UNIVERSITY OF OXFORD.

Τί οὖν; τῷ φιλοσόφῳ, ὅταν μὲν ὁ ἰατρὸς περὶ τῶν καμνόντων τὶ λέγῃ, αἰσχρὸν μήτε ἕπεσθαι τοῖς λεγομένοις δύνασθαι, μήτε ξυμβάλλεσθαι μηδέν; καὶ ὁπόταν ἄλλός τις τῶν δημιουργῶν, ὡσαύτως; ὅταν δὲ δικαστὴς, ἢ βασιλεὺς, ἢ ἄλλός τις ὧν νῦν διήλθομεν, οὐκ αἰσχρὸν περὶ τούτων μήτε ἕπεσθαι δύνασθαι, μήτε συμβάλλεσθαι περὶ αὐτῶν; PLATO, Erastæ, §. 9.

LONDON,

B. FELLOWES, LUDGATE STREET.

1831.

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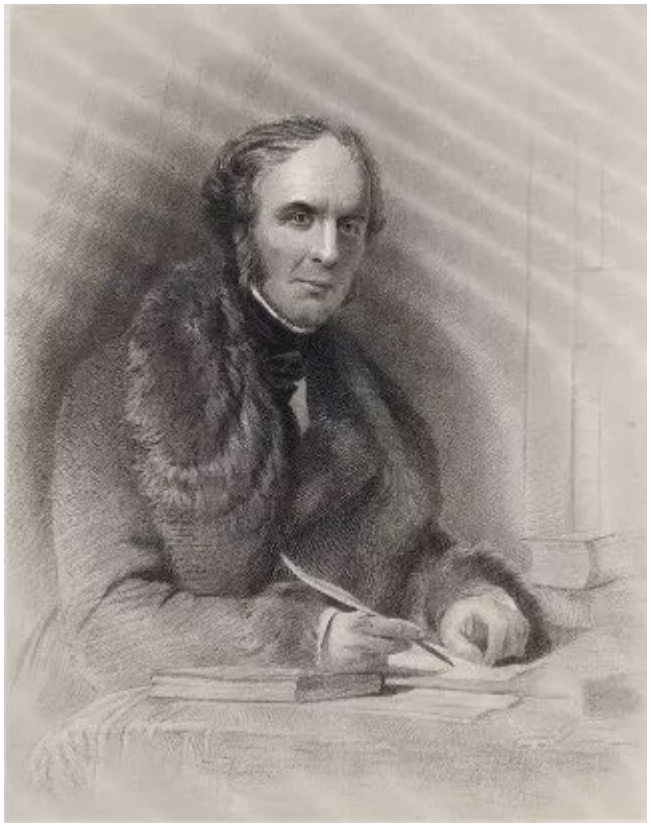


Nassau William Senior
(1790-1864)

AN

OUTLINE OF THE SCIENCE

OF

POLITICAL ECONOMY.

BY

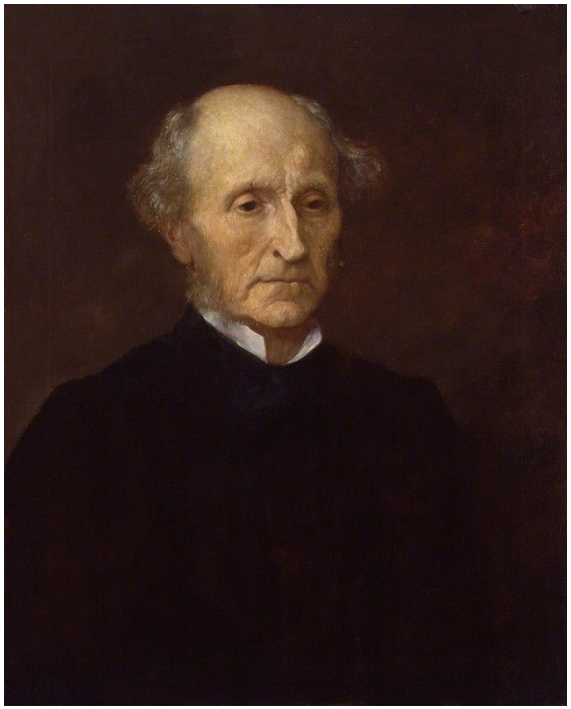
NASSAU W. SENIOR, A.M.,

FORMERLY FELLOW OF MAGDALEN COLLEGE, AND PROFESSOR OF POLITICAL ECONOMY, IN THE UNIVERSITY OF OXFORD.

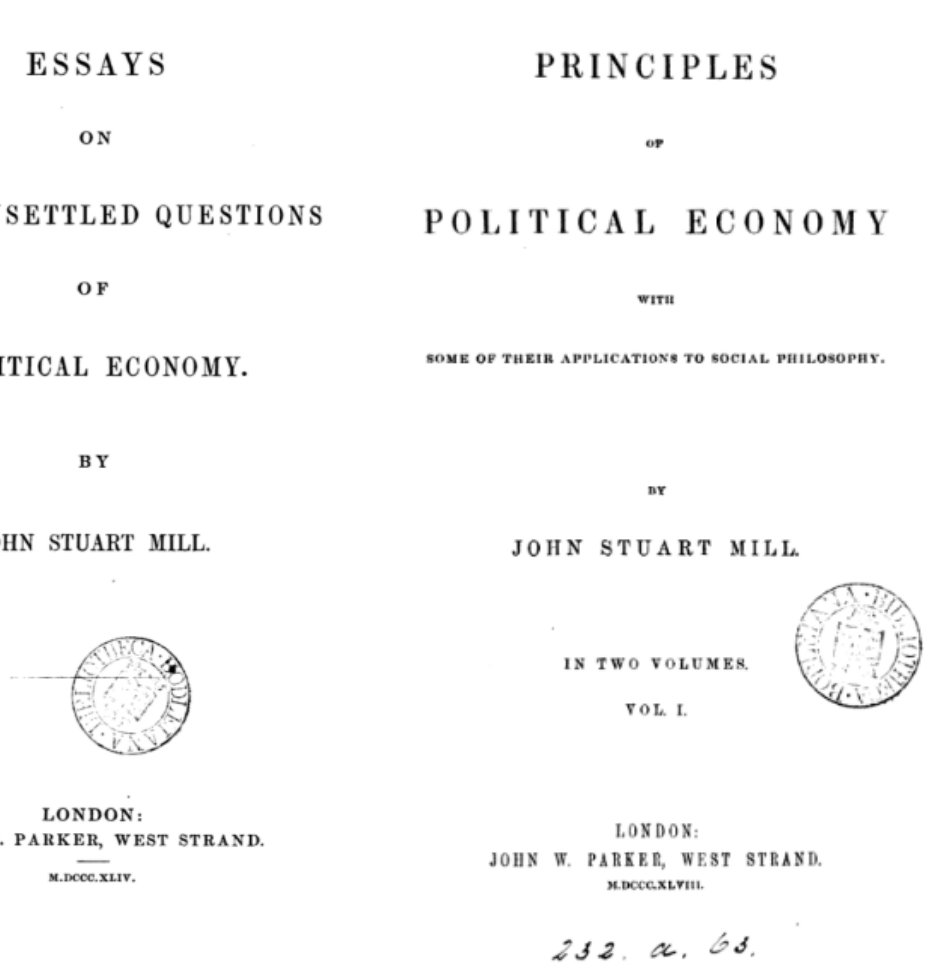
LONDON:

PRINTED BY W. CLOWES AND SONS, STAMFORD STREET.

1836.



John Stuart Mill
(1806 –1873)



ESSAYS

ON

SOME UNSETTLED QUESTIONS

OF

POLITICAL ECONOMY.

BY

JOHN STUART MILL.

LONDON:
JOHN W. PARKER, WEST STRAND.
M.DCCC.XLIV.

PRINCIPLES

OF

POLITICAL ECONOMY

WITH

SOME OF THEIR APPLICATIONS TO SOCIAL PHILOSOPHY.

BY

JOHN STUART MILL.

IN TWO VOLUMES.

VOL. I.

LONDON:
JOHN W. PARKER, WEST STRAND.
M.DCCC.XLVIII.

232. a. 63.

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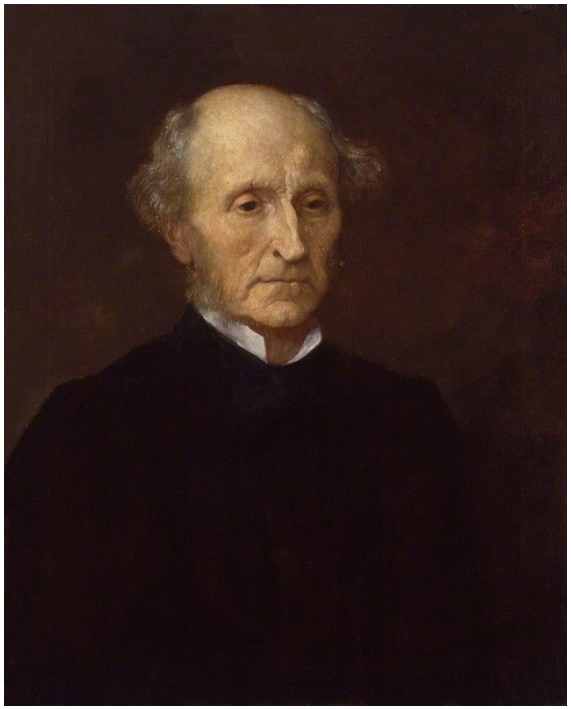

John Stuart Mill
(1806 –1873)

UTILITARIANISM

BY

JOHN STUART MILL.

REPRINTED FROM 'FRASER'S MAGAZINE.'

LONDON:
PARKER, SON, AND BOURN, WEST STRAND.
1863.

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ON

LIBERTY

BY

JOHN STUART MILL.

LONDON:
JOHN W. PARKER AND SON, WEST STRAND.
M.DCCC.LIX.

End of lecture

MPhil (Econ.) & MSc (Political Economy)

Dept. of Economics

National and Kapodistrian University of Athens

Lecture 7: The critique of political economy: Karl Marx

Nicholas J. Theocharakis

Objectives of the lecture

- To explain the role of Karl Marx in the critique of "bourgeois" political economy

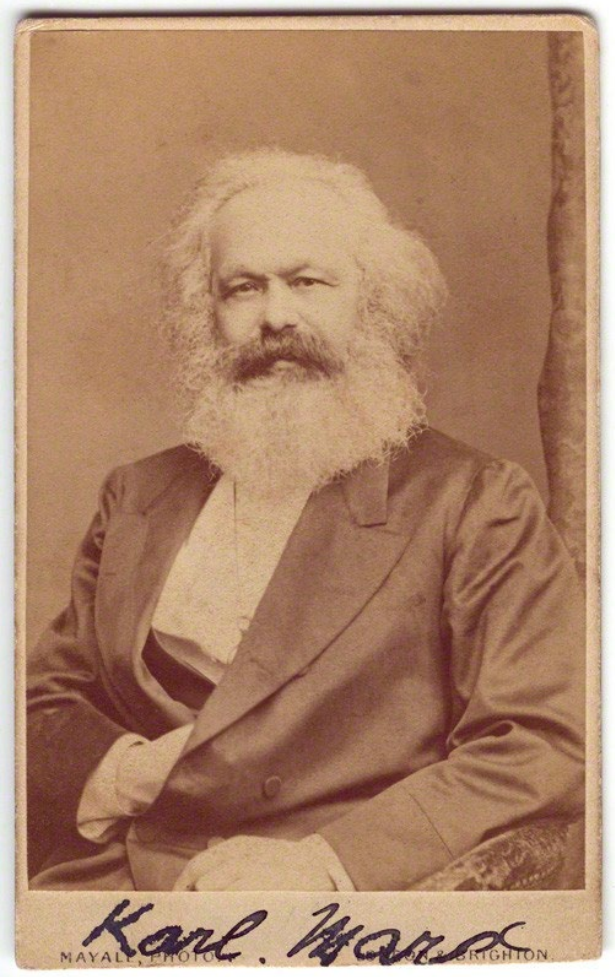
- To place his economic thought in the general philosophical and political context of the period

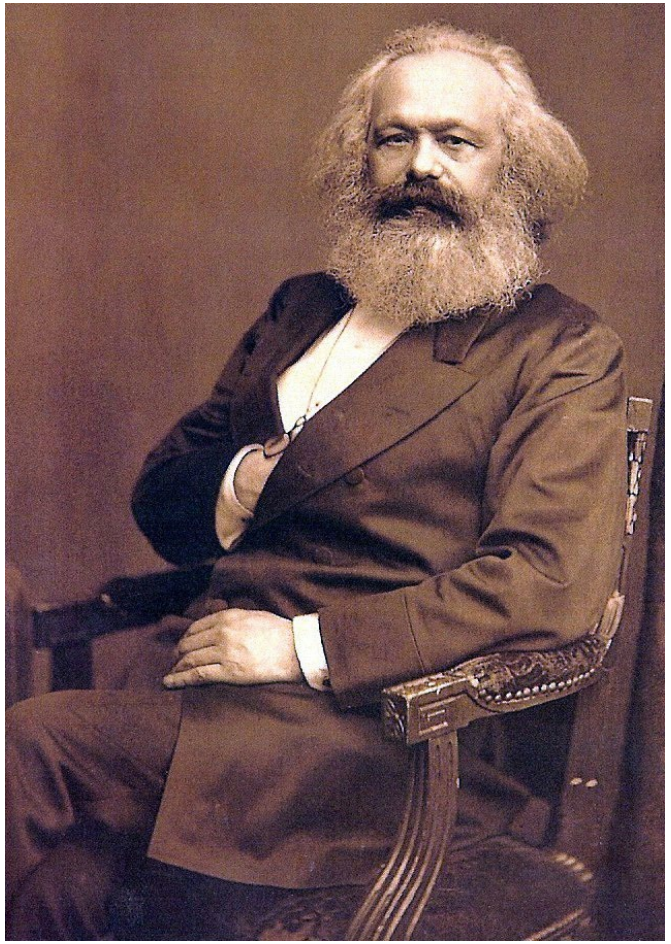
- To analyse his economic writings, especially *Capital*

Contents

- Biography
- Works
- Analysis of Karl Marx's *economic* thought

Karl Marx (1818-1883)





Karl Marx (1818-1883)

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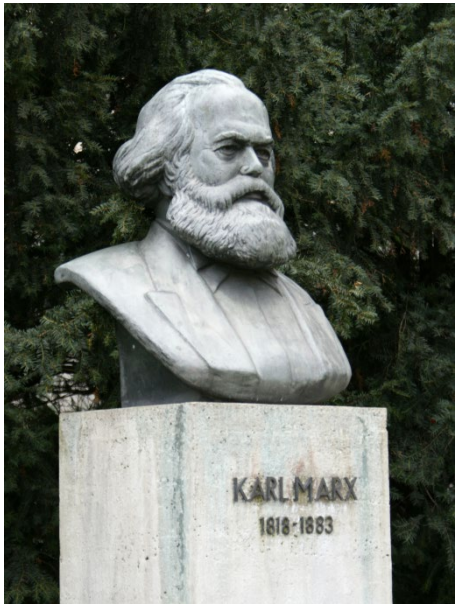


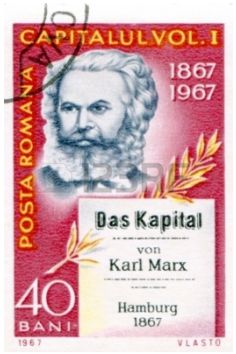
Karl Marx (1818-1883)

Lenin in front of the Marx-Engels monument in Moscow on the first anniversary of the October Revolution, 7 November 1918

Karl Marx (1818-1883)

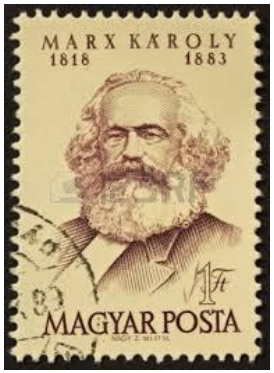
Bulgaria

Czechoslovakia



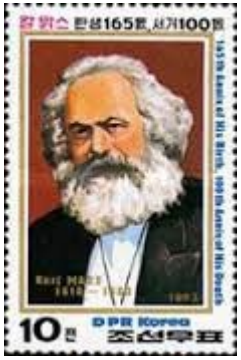
Romania

Vietnam



Hungary

China



N. Korea

India

Mongolia

Karl Marx (1818-1883)

1814	12 February, Marx's future wife, Jenny von Westphalen (1814–1881) is born in Salzwedel
1815	The Congress of Vienna, Battle of Waterloo
1816	The von Westphalens moves to Trier, where Ludwig von Westphalen soon befriends Heinrich Marx and the Marx family
1818	5 May, **Karl Marx is born** as the eldest son, and second eldest child of eight, of the barrister Heinrich Marx (1777–1838) and his wife Henrietta, *née* Pressburg}, (1788–1863) in Trier, a town then part of the Kingdom of Prussia's Province of the Lower Rhine
1820	20 November, Marx's future collaborator and friend, **Friedrich Engels** (1820–1895) is born in Barmen, Prussia as the oldest of nine children of the cotton manufacturer Friedrich Engels and his wife Elisabeth, *née* van Haar
1830	Marx is enrolled at the Friedrich Wilhelm Gymnasium in Trier at the age of twelve¶ Several revolutions and uprisings takes place in Europe and the Americas throughout 1830 and the following yea¶ 26–29 July, the Bourbon monarch, King Charles X is overthrown in the French July Revolution¶ 25 August, outbreak of the Belgian Revolution which eventually leads to the establishment of an independent Kingdom of Belgium in 1831
1831	14 November, the German philosopher Georg Wilhelm Friedrich Hegel (1770–1831), whose ideas on dialectics would influence much of Marx's work, dies at the age of 61
1835	24 September, Marx graduates Friedrich Wilhelm Gymnasium with good grades in Latin and Greek, decent in French and Mathematics, and a low grade in History¶ 15 October, at the age of seventeen, Marx is enrolled by his father at the University of Bonn as a law student, despite his wishes to study philosophy and literature
1836	Summer, Marx is engaged to his childhood friend Jenny von Westphalen in Trier¶ 22 October, having mismanaged his studies in Bonn, Marx is enrolled at the *Königliche Friedrich-Wilhelms-Universität zu Berlin* (now Humboldt University) as a law student and soon becomes a member of the Young Hegelians
1838	10 May, Marx's father, Heinrich, dies in Trier¶ Chartism, the first mass revolutionary workers' movement, emerges in England
1841	15 April, Marx is conferred on him the degree of Doctor of Philosophy by the University of Jena, where he submitted his doctoral thesis, *The Difference Between the Democritean and Epicurean Philosophy of Nature (Differenz der demokritischen und epikureischen Naturphilosophie), in absentia*, as it was deemed too controversial for the Friedrich-Wilhelms-Universität
1842	5 May, Marx begins writing for the *Rheinische Zeitung* in Cologne, where he becomes editor-in-chief on 15 October and publishes increasingly more radical articles in the *Rheinische Zeitung*¶ 16 November, Marx first encounters Engels, who visits the office of the *Rheinische Zeitung* on his way to England
1843	In Manchester, Engels met Mary Burns (1823–1863), a young working woman with radical opinions. They begin a relationship that lasts until her death two decades later, although they never marry¶ 17 March, under censorship and heavy pressure from the Prussian government, Marx resigns as editor-in-chief of the *Rheinische Zeitung*¶ 31 March, the last issue of the *Rheinische Zeitung* is published before it is completely banned the following day¶ 19 June, Marx marries Jenny von Westphalen.¶ October, seeing that further political activity in Germany is impossible, Marx moves to Paris
1844	Marx befriends the anarchists Mikhail Bakunin (1814–1876) and Pierre-Joseph Proudhon (1809–1865) in Paris¶ February, together with Arnold Ruge (1802–1880), Marx publishes the first, and only, issue of *Deutsch–Französische Jahrbücher* ***[Zur Kritik der Hegelschen Rechtsphilosophie, Einleitung; Zur Judenfrage]***¶ 1 May, Karl and Jenny Marx's eldest daughter Jenny Caroline (1844–1883) is born in Paris¶

	28 August, meets Friedrich Engels at the Café de la Régence in Paris, this second encounter becomes the start of their lifelong friendship and intellectual collaboration Winter, works on the ***Economic and Philosophic Manuscripts***, [*Ökonomisch-philosophische Manuskripte aus dem Jahre 1844*] also known as the *Paris Manuscripts*, first published in 1932
1845	3 February, under pressure of the Prussian government Marx is expelled from Paris and moves to Brussels 24 February, publishes *The Holy Family*, written together with Engels the year before Spring, writes the "**Theses on Feuerbach**" [Thesen über Feuerbach], first published by Engels in 1888 6 September, birth of Jenny and Karl Marx's second daughter Laura
1846	Summer, finishes work on ***The German Ideology*** [*Die deutsche Ideologie*] together with Engels, however they find no publisher and the work is not published until 1932
1847	July, ***The Poverty of Philosophy*** [*Misère de la philosophie*], written in French, is published in Paris and Brussels as an answer to the economic and philosophical arguments of French anarchist Pierre-Joseph Proudhon set forth in his 1846 book *The System of Economic Contradictions, or The Philosophy of Poverty* [*Système des contradictions économiques ou Philosophie de la misère*]. Late August, foundation of the German Workers' Society in Brussels 29 November to 8 December, participates in the first congress of the Communist League in London and is tasked, together with Engels, to write a manifesto on behalf of the group 17 December, birth of Jenny and Karl Marx's eldest son Edgar (1847–1855) in Brussels
1848	24 February, publication of the ***Communist Manifesto*** [*Manifest der Kommunistischen Partei*] in German 4 March, arrested in Brussels and expelled to Paris 1 June, editor-in-chief of the *Neue Rheinische Zeitung*, writes approximately 80 articles until 19 May 1849 In what remains the most widespread revolutionary wave in European history, several revolutions takes place throughout 1848 and the beginning of the following year, before reactionary forces regains control and the revolutions collapse
1849	Marx is ordered by the French authorities to leave Paris within 24 hours After being deported from Paris, Marx arrives in London, where his family joins him on September 17. In London, he helps organise the work of the Communist League's Central Authority, and sets up a Committee of Support for German Political Refugees A fourth child, son Heinrich Guido, is born to the Marxes Engels arrives in London
1850	Marx and Engels publish six issues of the magazine, *Neue Rheinische Zeitung. Politisch-ökonomische Revue*, which prints Marx' ***The Class Struggles in France, 1848 to 1850*** [*Die Klassenkämpfe in Frankreich 1848 bis 1850*] and Engels' ***The Peasant War in Germany*** [*Der deutsche Bauernkrieg*]
1851	March 28, Marx's daughter Franziska is born August 1851-March 1862 Marx and Engels contribute articles to the *New York Daily Tribune* on national liberation movements, international affairs, and the economics and politics of leading capitalist state
1852	Marx writes ***The Eighteenth Brumaire of Louis Bonaparte*** [*Der 18te Brumaire des Louis Napoleon*], developing on the theory of revolution. In May 1852, it was printed in New York by the journal *Die Revolution*; publisher Joseph Weydemeyer Marx's daughter Franziska dies
1855	16 January, the Marx's youngest child Eleanor (1855–1898) is born in London 6 April, the son Edgar dies in London at the age of 8 from gastric fever
1857	Winter of 1857–8. Marx writes The *Grundrisse der Kritik der Politischen Ökonomie*. The series of seven notebooks was rough-drafted by Marx, chiefly for purposes of self-clarification, during the. Left aside by Marx in 1858, it remained unpublished until 1939.
1859	June 11, ***A Contribution to the Critique of Political Economy****, Part One*, [*Zur Kritik der Politischen Ökonomie*] is published in Berlin 24 November, publication of Charles Darwin's (1809–1882) *On the Origin of Species*
1861	April 1861-April 1865 The US Civil War

	August 1861-July 1863. Marx works on an economic manuscript containing all parts of the future *Capital*, including its historical and critical section, *Theories of Surplus Value*
1863	30 November, Marx's mother, Henriette, dies in Trier
1864	September 28. At a meeting in St. Martin's Hall, London, the International Working Men's Association (the First International) is founded. Marx is elected a member of its Provisional Committee, which later became known as the General Council
1865	September 25-29. The first conference of the International is held in London. Marx helps to prepare it, and takes part in it
1867	September 14. Volume I of ***Capital***, [*Capital. A Critique of Political Economy. Volume I: The Process of Production of Capital* (German: *Das Kapital. Kritik der politischen Ökonomie Erster Band. Buch I: Der Produktionsprocess des Kapitals*) Marx' principal economic study, comes off the presses
1868	April 2 Marx's daughter Laura marries Paul Lafargue, a French socialist
1870	September 1-2, The Battle of Sedan culminates in the defeat of the French army September 4 Following the French defeat at Sedan, a revolution breaks out in Paris, resulting in the downfall of the Second Empire and proclaiming the French Republic September, Engels moves from Manchester to London 22 April, birth of Vladimir Lenin
1871	1 January, formation of the German Empire 21 March, Otto von Bismarck becomes Chancellor of Germany March 18, Proletarian revolution in Paris April 18-May 30. Marx works on an address of the General Council, ***The Civil War in France***, which stresses the worldwide significance of the Paris Commune as the first attempt at establishing a proletarian dictatorship.
1872	July 1872-June 1873. The second German edition of Volume I of Capital appears in nine instalments
1875	22–27 May, the Socialist Workers' Party of Germany is founded at the unity congress in Gotha. At the congress the party adopts the Gotha Program, calling for universal suffrage, freedom of association, limits on the working day, and for other laws protecting the rights and health of workers. Marx despatches to Germany his marginal notes on the draft programme drawn up for the forthcoming unity congress in Gotha. Subsequently, it came to be known as the ***Critique of the Gotha Programme*** [*Kritik des Gothaer Programms*] which was first published in 1891 on Engels's initiative
1878	18 December, birth of Joseph Stalin
1879	7 November, birth of Leon Trotsky
1881	2 December, Marx's wife Jenny dies in London after a long illness
1883	11 January, At the age of 38, Marx's eldest daughter Jenny dies **14 March, Marx dies in his home in London** 17 March, Marx is buried at Highgate Cemetery After the death of Marx, Engels dedicates himself to the editing and publication of their works
1885	**Engels publishes the second volume of *Das Kapital***
1891	January 22, birth of Antonio Gramsci
1893	26 December, birth of Mao Zedong
1894	**After nine years of work Engels publishes the third volume of *Das Kapital***
1895	5 August, at the age of 74, **Engels dies** in London of throat cancer
1898	31 March, at the age of 43, Eleanor Marx commits suicide
1905	Karl Kautsky publishes Marx's manuscript *Theories of Surplus Value*, often referred to as the "fourth volume of *Das Kapital*", in three volumes between 1905 and 1910

Eugène Delacroix: *Le 28 juillet 1830. La Liberté guidant le peuple.*

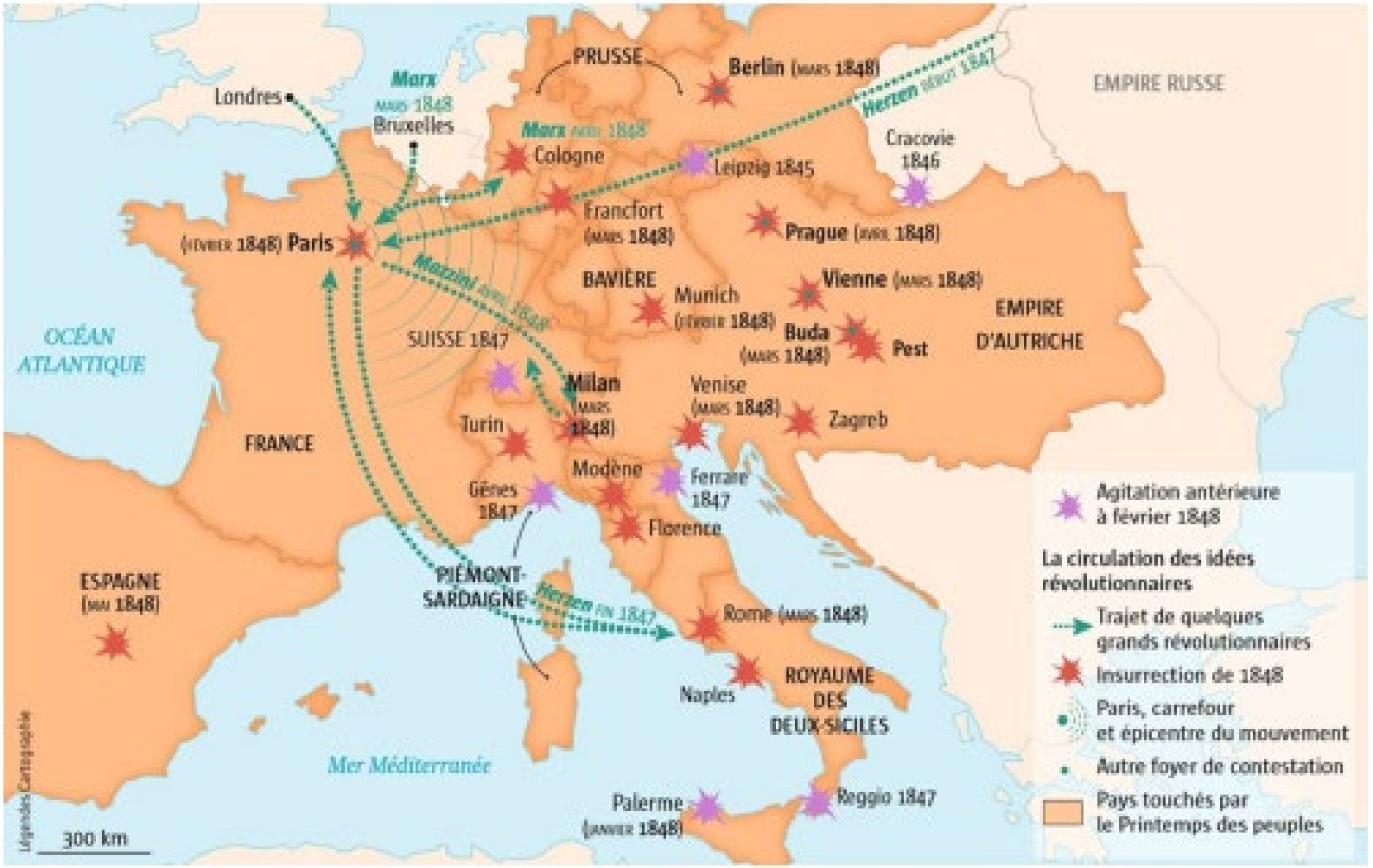
Gustave Wappers - *Episode of the September Days 1830, on the Grand Place of Brussels*

Marcin Zaleski: *Taking of the Warsaw Arsenal*. 29 November 1830 – 21 October 1831

Hippolyte Lecomte, *Combat de la rue de Rohan, le 29 juillet 1830*

HORRIBLE MASSACRE A LYON.
EGLISE DE SAINT-NIZIER
C'est le 9 avril 1834, que les premières démonstrations d'hostilités ont été faites par les ouvriers des diverses associations de Lyon. Pendant cinq jours consécutifs la bataille a duré avec un acharnement déplorable ; mais enfin force est restée à la loi. Ce n'est pas sans bien du sang répandu qu'a été achetée cette triste victoire ; le canon, la mitraille, les obus, les pétards ont fait plus de ravages, ont causé plus d'incendies, et ont plus de monde, que pendant un long siége. Les Insurgés s'étaient emparés de plusieurs églises, s'y étaient retranchés, et y sonnaient continuellement le tocsin d'alarme. Malgré l'autorité ecclésiastique qui voulait se placer entre les deux partis combattans, il a fallu enfoncer les portes des églises, se battre dans les bancs, au milieu des chaises, sur les autels, corps à corps : enfin c'était une horrible mêlée, une boucherie épouvantable. L'église de St.-Nizier, le point central le plus opiniâtrement défendu par les révoltés, a été enlevée la dernière. Six cents hommes, y ont été passés au fil de l'épée !!! Effroyable exemple des dissentions civiles. Enfin partout, réduits à la retraite, les Insurgés ont cessé le feu en prenant la fuite ; on en a poursuivi jusque dans les villages.
Ainsi s'est terminée cette lutte sanglante, à laquelle les environs de Lyon n'ont pas pris part : quoique ce mouvement qui s'est répété à Paris, à St.-Etienne, à Arbois, avait de vastes ramifications jusque dans les villes les plus tranquilles ; tant il est facile de trouver toujours prêts à se livrer aux désordres des gens qui, n'ayant rien à y perdre, ont tout à y gagner !!!
BELFORT, DE L'IMPRIMERIE DE J.-P. CLERC.
Car, que demandent cette poignée de forcenés qui s'arment ainsi pour renverser le régime des lois et des constitutions que nous avons déjà acquises par tant de sang et de sacrifices? La république. Et non ! C'est l'anarchie pour l'ambition des uns, le trouble pour contenter les autres par le pillage des biens que possèdent les citoyens tranquilles qui les ont acquis par leurs longs travaux ! Voilà le but de leur soulèvement, de cet acharnement qui leur fait braver si audacieusement la force de l'armée et de la garde nationale, toujours unies pour le maintien de l'ordre. La république !!! Cultivateurs ! vieux républicains d'autrefois, rappelez-vous ce régime de désordres et d'exactions; ces commissaires de district, tirés de la lie du peuple; car à moins d'y être forcé, nul n'eut accepté de telles fonctions, rappelez-vous les, quand ils venaient chez vous, dans les campagnes, enlever par réquisitions vos fourrages, vos denrées. Pour quelques écus ils vous les laissaient, tandis que chez le voisin ils en demandaient deux fois davantage. Et ces voitures qu'on tenait parquées à l'armée, que chaque conducteur était souvent retenu plusieurs mois à moins que de bons écus, et non des assignats, leur rendaient la liberté; et tant d'autres calamités dont le souvenir fait encore frissonner de colère. Voilà le régime, et peut-être pire encore, que veulent nous ramener des gens qui cherchent à s'enrichir des fortunes des autres, qui ne demandent que proscriptions et pillage. Amis de l'ordre groupons-nous autour du drapeau de la nation, du trône constitutionnel de 1830.
296

Suppression of the Second Canut revolt in April 1834



Map of the People's Spring by Bertrand Jolivet

Horace Vernet: On the barricades on the Rue Soufflot, Paris, 25 June 1848

Revolution of 1848: "Fire of the water tower square of the royal palace on February 24, 1848", Painting by Eugene Hagnauer

Galician slaughter (Polish: Rzeź galicyjska) by Jan Lewicki (1795–1871), depicting the massacre of Polish nobles by Polish peasants in Galicia in 1846.

F. Werner, *Barricade at the University on 26 May 1848 in Vienna.*

Event Sheet from the Revolutionary Days of March 1848, 18/19, March 1848, with a Barricade Scene from Breite Strasse, Berlin, from "Memory of the Liberation Struggle in the Fateful Night of 18-19 March 1848", Chalk Lithograph, coloured, printed by Winckelmann, Eigenth. v. C. Glück,

Otto Bache (1839–1927) Danish soldiers return to Copenhagen, 1849

The Five Days of Milan by Carlo Bossoli, 18–22 March 1848

Proclamation of the Serbian Vojvodina in May 1848 during the Serb Revolution

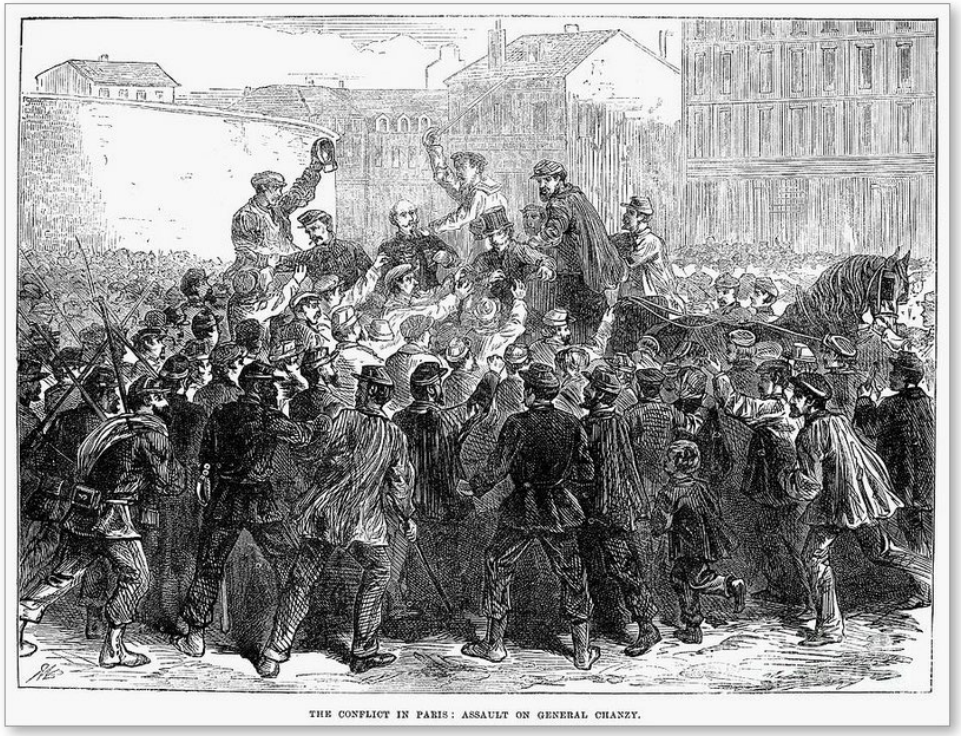
Hungarian hussars in battle during the Hungarian Revolution

Romanian revolutionaries in Bucharest in 1848, carrying the Romanian tricolor

The Battle of Buda in May 1849 by Mór Than

Trial of the Irish patriots at Clonmel. Young Irelanders receiving their sentence of death.

A photograph of the Great Chartist Meeting on Kennington Common, London, 1848



THE CONFLICT IN PARIS: ASSAULT ON GENERAL CHANZY.

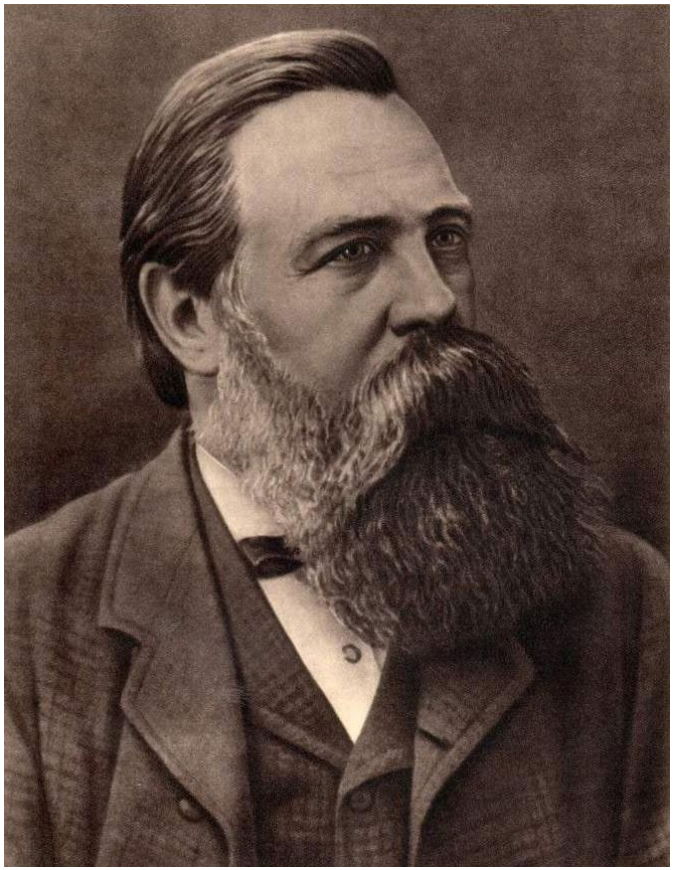
Paris Commune

Paris Commune

Paris Commune

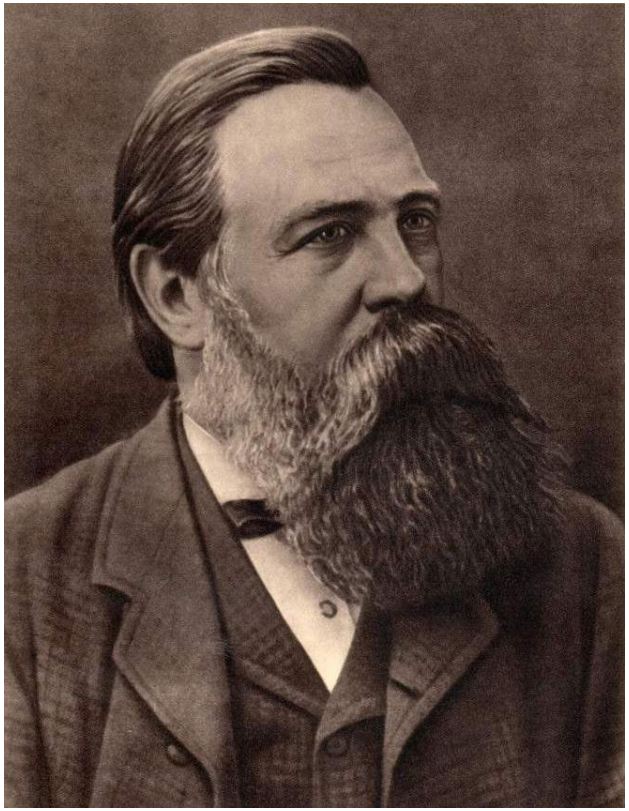
Paris Commune

Friedrich Engels (1820-1895)



Friedrich Engels
(1820-1895)

Die heilige Familie, (mit Marx) 1845
Grundsätze des Kommunismus, 1847
Manifest der Kommunistischen Partei, (mit Marx) 1848
Der deutsche Bauernkrieg. 1850
Revolution und Konterrevolution in Deutschland. 1851 bis 1852
Zur Wohnungsfrage. 1872
Von der Autorität, 1872/73
Dialektik der Natur 1873 bis 1886
darin Anteil der Arbeit an der Menschwerdung des Affen. 1876
Herrn Eugen Dührings Umwälzung der Wissenschaft (der „Anti-Dühring“), 1878
Die Entwicklung des Sozialismus von der Utopie zur Wissenschaft, 1880
Der Ursprung der Familie, des Privateigenthums und des Staats, 1884
Ludwig Feuerbach und der Ausgang der klassischen deutschen Philosophie, 1886
Die Rolle der Gewalt in der Geschichte. 1887 bis 1888
Zur Kritik des sozialdemokratischen Programmentwurfs. 1891

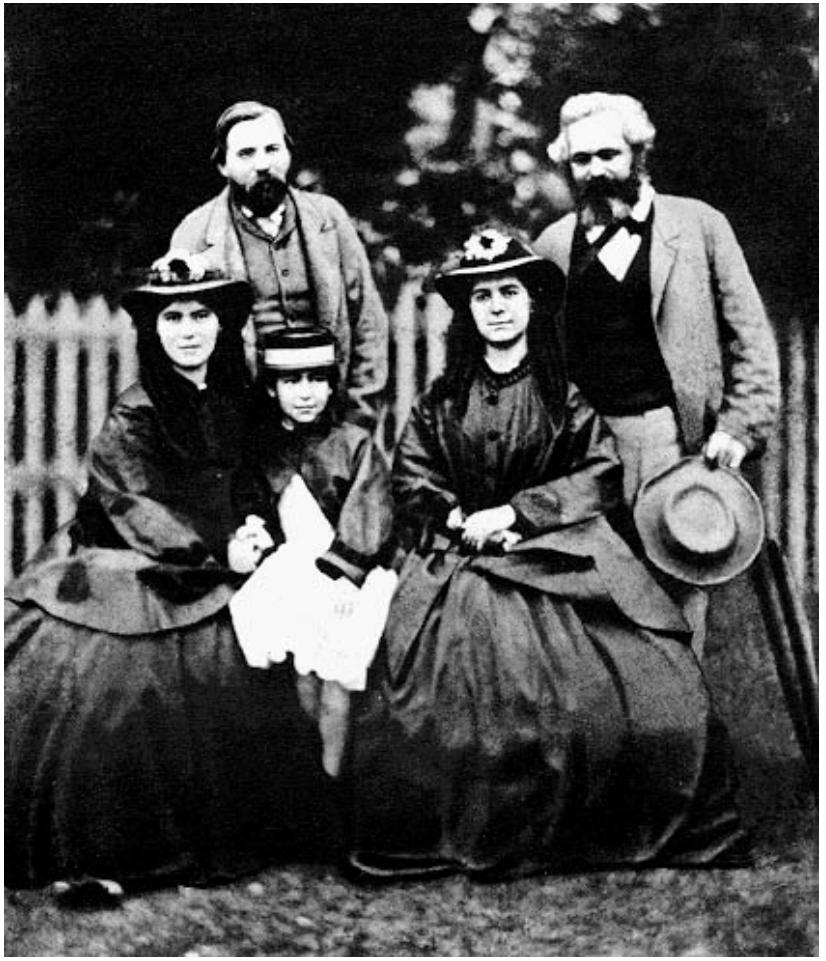


Friedrich Engels
(1820-1895)

Outlines for a critique of political economy. 1844
The Condition of the Working Class in England. Leipzig 1845.
The German Ideology, (with Marx) 1845
The Holy Family, or Critique of Critical Critique. Against Bruno Bauer & Co. (with Marx) Frankfurt am Main 1845.
Principles of Communism, 1847
Manifesto of the Communist Party. (with Marx) London 1848
The German Peasant War. Hamburg 1850. Second edition Leipzig 1870
"Revolution and Counter-Revolution in Germany". *New York Daily Tribune* 1851 to 1852
Reflections on the war in Germany, 1866
A Commentary on >Das Kapital< by Karl Marx. Volume 1, 1868
The History of Ireland. 1870
On the Housing Question. 1872
On Authority, 1872/73
Dialectic of Nature 1873 to 1886
including *The Part Played by Labour in the Transition from Ape to Man*. 1876
Mr. Eugen Dühring's Revolution in Science. Philosophy, Political Economy, Socialism. Leipzig 1878
Socialism: Utopian and Scientific, 1880
The Origin of the Family, Private Property, and the State. Hottingen-Zurich 1884, 2nd edition. J. H. W. Dietz, Stuttgart 1886
The History of the Communist League, 1885
Ludwig Feuerbach and the End of Classical German Philosophy, 1886
The Role of Violence in History. 1887 to 1888
On the Critique of the Social Democratic Draft Programme. 1891
The History of Early Christianity. 1894
The Peasant Question in France and Germany. November 1894

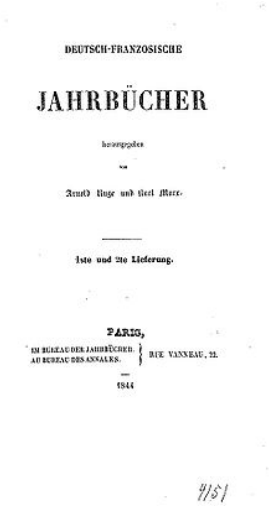
Karl Marx (1818-1883)

Jenny von Westphalen
(1814-1881)

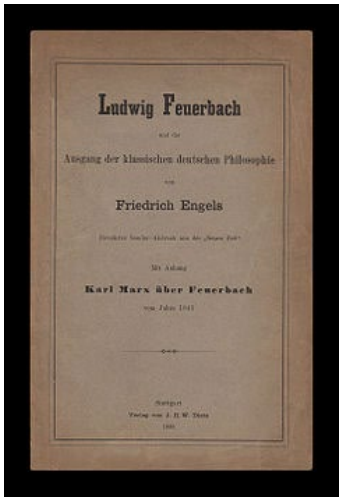


Karl Marx (1818-1883)

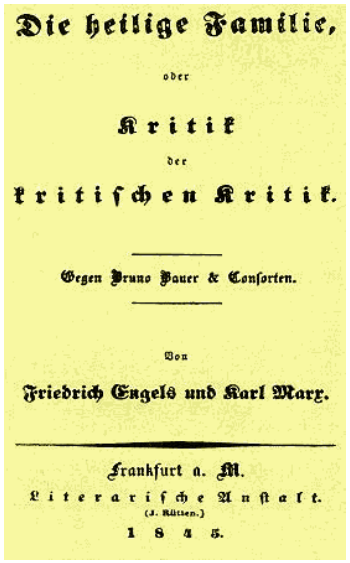
Rheinische Zeitung
für
Politik, Handel und Gewerbe.

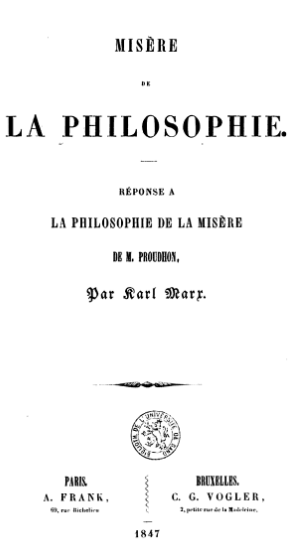

DEUTSCH-FRANZOSISCHE
JAHRBÜCHER
herausgegeben
von
Arnold Ruge und Karl Marx.
1ste und 2te Lieferung.
PARIS,
IM BUREAU DER JAHRBÜCHER. / AU BUREAU DES ANNALES. } RUE VANNEAU, 22.
1844

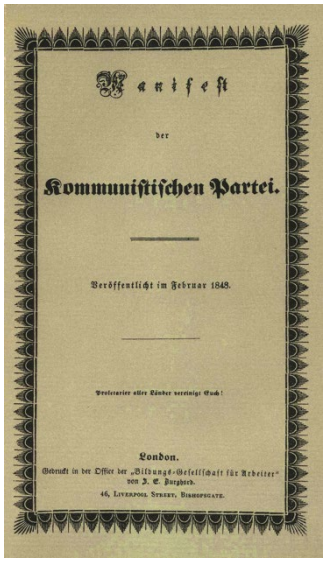
Die Lage
der
arbeitenden Klasse
in
England.
Nach eigner Anschauung und authentischen Quellen
von
Friedrich Engels.
Leipzig.
1845.


Ludwig Feuerbach
und der
Ausgang der klassischen deutschen Philosophie
von
Friedrich Engels
Mit Anhang
Karl Marx über Feuerbach

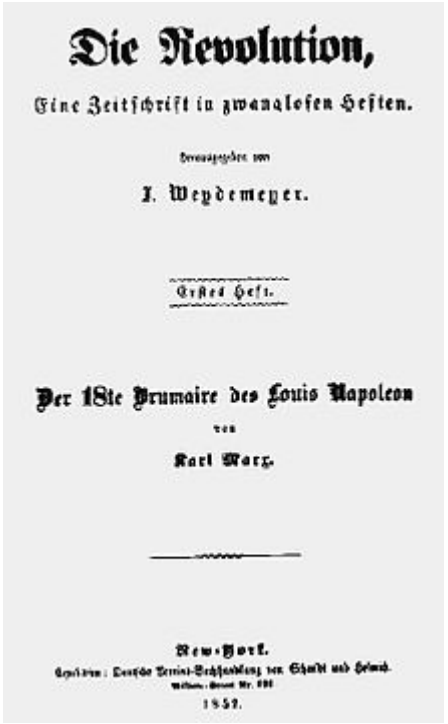
Karl Marx (1818-1883)







Karl Marx (1818-1883)


Die Revolution,

Eine Zeitschrift in zwanglosen Heften.

Herausgegeben von

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von

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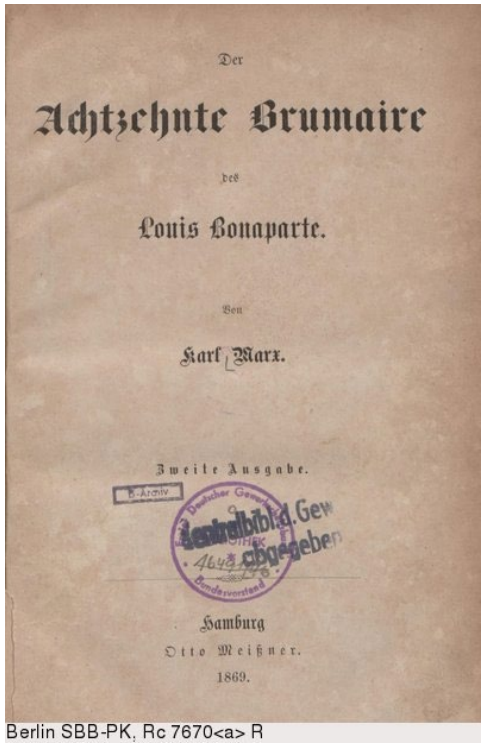
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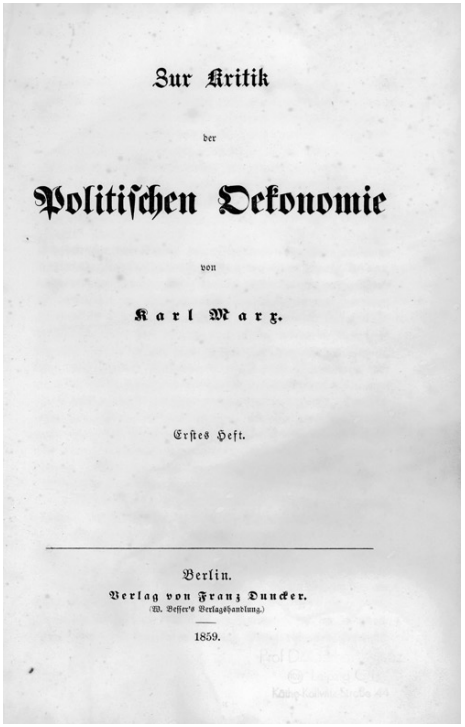
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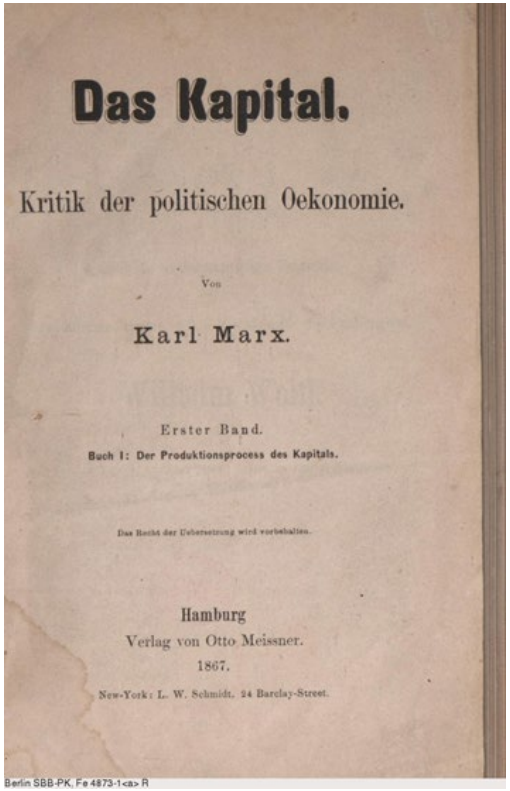
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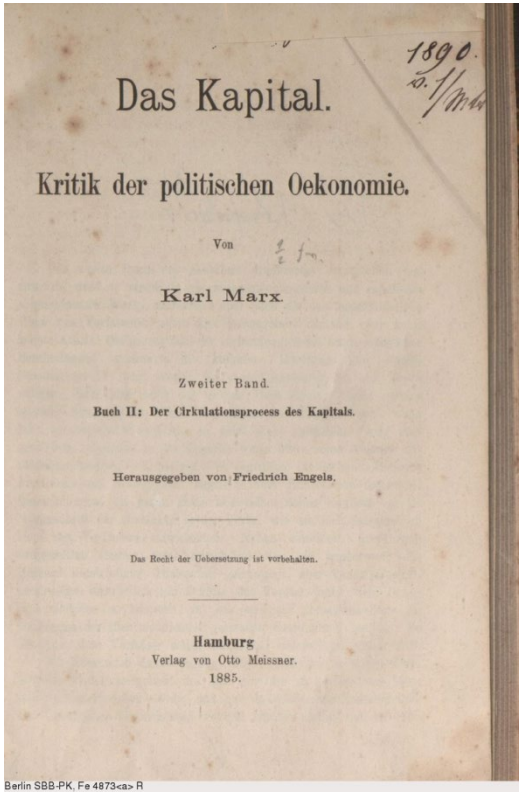
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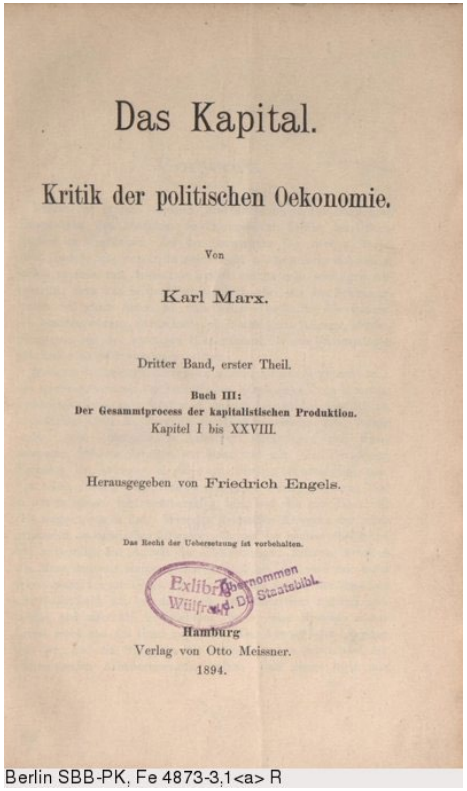
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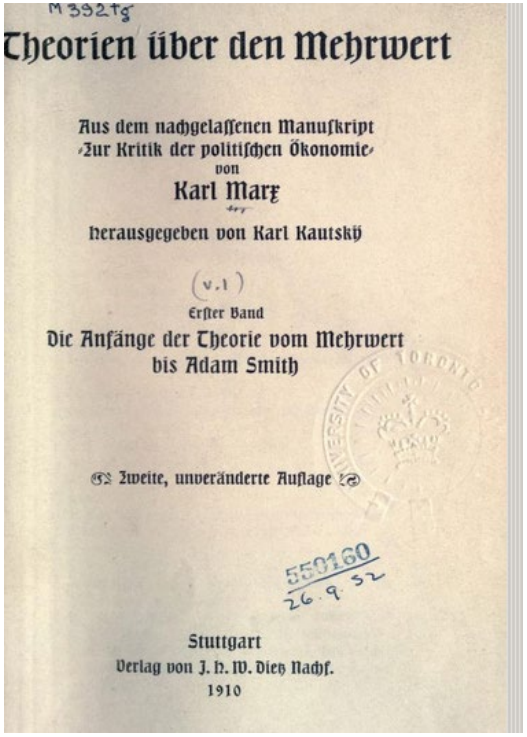

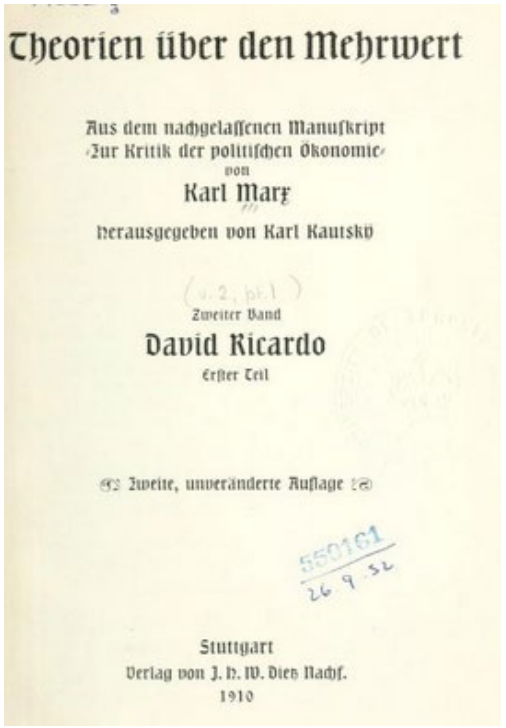

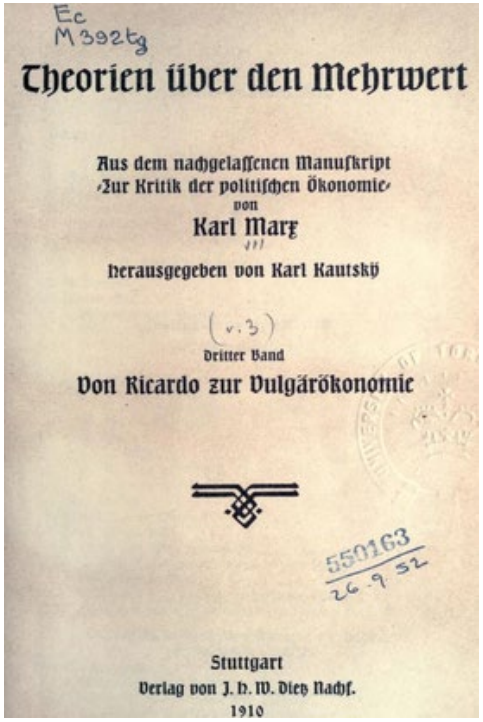

Karl Marx (1818-1883)

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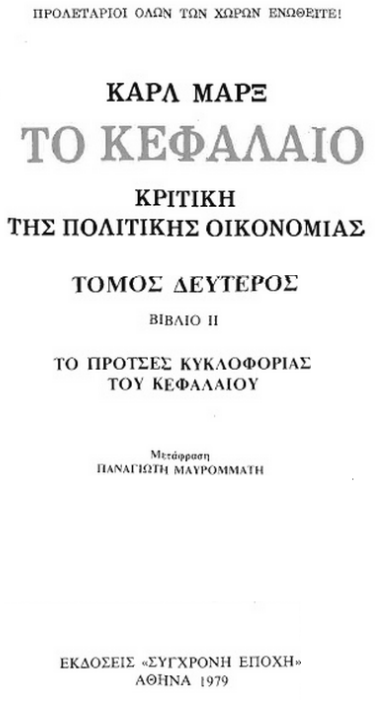

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Γιάννης Μηλιός «Η πρόσληψη του Κεφαλαίου στην Ελλάδα», *Θέσεις*, τεύχος 139: Απρίλιος - Ιούνιος 2017 http://www.theseis.com/index.php?option=com_content&view=article&id=1376:category-1376&catid=158&Itemid=113

Ολοκληρωμένες εκδόσεις του Κεφαλαίου στα ελληνικά

Μαρξ, Καρλ (1927-28), *Το Κεφάλαιον*, τόμος 1ος, μεταφράζεται από επιτροπή επιστημόνων υπό την διεύθυνση Α. & Δ. **Πουρνάρα**, Αθήνα: «Ακαδημαϊκόν» Διεθνές Βιβλιοπωλείον.

Μαρξ, Καρλ (1954-1965), *Το Κεφάλαιο,* τόμοι 1-3, μετάφραση και ερμηνευτικές σημειώσεις Γιάννη Δ. **Σκουριώτη**, Αθήνα: έκδοση του μεταφραστή, έκαστος τόμος σε 5.000 αντίτυπα. Τόμος 1ος: 1954 -1957. Τόμος 2ος: 1959-1965. Τόμος 3ος: 1965.

Μαρξ, Καρλ (1954, 1956, 1963, 1976, 1979), *Το Κεφάλαιο,* τόμοι 1-3:

Τόμος 1ος. 1954: «Νέα Ελλάδα» (Ρουμανία), μετάφραση Ελλήνων γλωσσομαθών του εξωτερικού, θεώρηση - επιμέλεια ειδικών οικονομολόγων και κοινωνιολόγων, 5.000 αντίτυπα. Ανατύπωση 1963 σε δύο ημιτόμους, μετάφραση Ελλήνων γλωσσομαθών του εξωτερικού, θεώρηση - επιμέλεια ειδικών οικονομολόγων και κοινωνιολόγων, Αθήνα: εκδ. «Μόρφωση». Ανατύπωση 1976: μετάφραση Παναγιώτης **Μαυρομμάτης**, Αθήνα: «Σύγχρονη Εποχή», 5.000 αντίτυπα. Εκτιμώμενος αριθμός αντιτύπων σε αλλεπάλληλες ανατυπώσεις: 50.000.

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Marx, Karl (2016), *Το Κεφάλαιο,* τόμος 1ος, Αθήνα: εκδ. ΚΨΜ, Μετάφραση: Θανάσης **Γκιούρας**. Επιστημονική Επιμέλεια: Θανάσης Γκιούρας, Θωμάς Νουτσόπουλος, 1.500 αντίτυπα + μια δερματόδετη σειρά διακοσίων αριθμημένων αντιτύπων.

Αποσπασματικές εκδόσεις του Κεφαλαίου

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Μαρξ, Καρλ (1945-α), *Η γένεση του κεφαλαίου*, Αθήνα: εκδ. Μάρη-Κοροντζή. Ανατύπωση: μετάφραση **Αντώνη Δούμα**, πρόλογος Περικλή Ροδάκη, Αθήνα: εκδ. Κοροντζή, 2000.

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Μαρξ, Καρόλου (1945-β), *Το Κεφάλαιον. Αι θεμελιώδεις θεωρίαι του Σοσιαλισμού*, Πρόλογος, μετάφρασις, περίληψις, κατάταξις, κριτική́ υπό́ Δ. Κούση, υφηγητού́ Πολιτικής Οικονομίας, Αθήναι: εκδ. Α. και Ε. Παπαδημητρίου.

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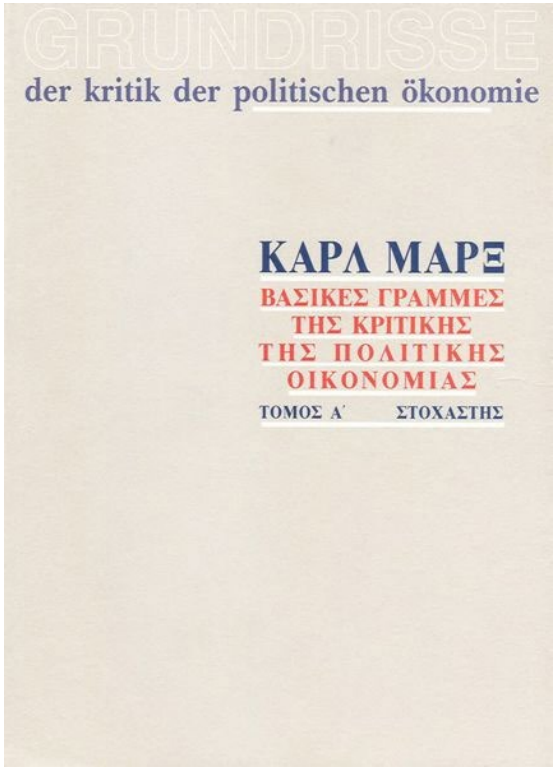

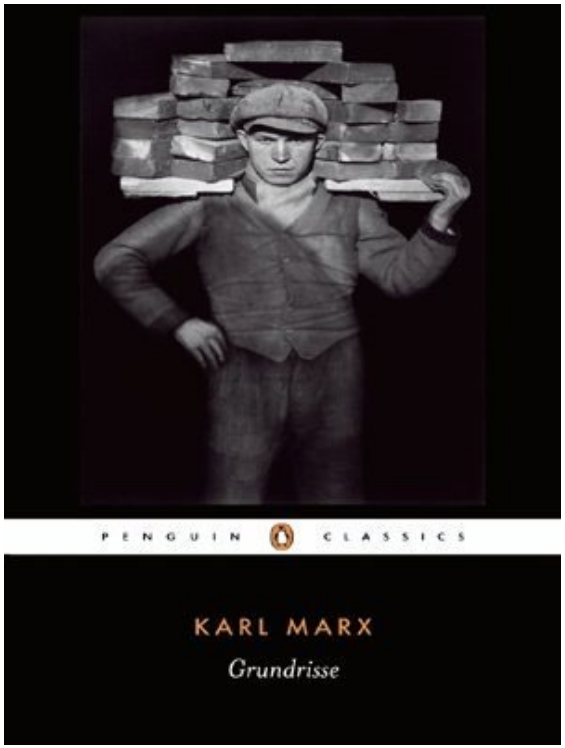

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Karl Marx (1818-1883)

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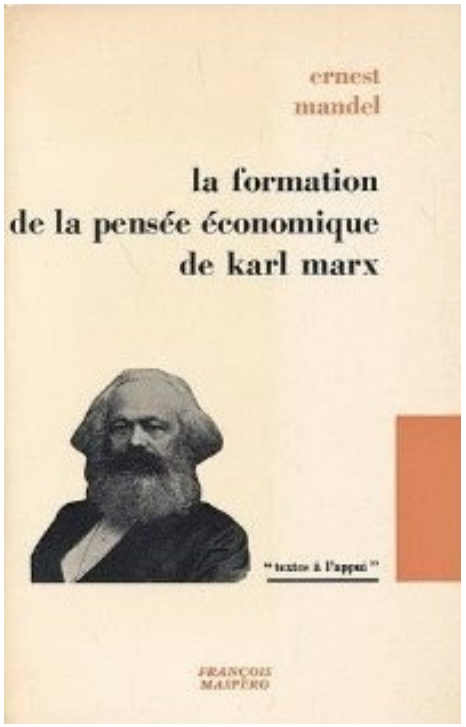

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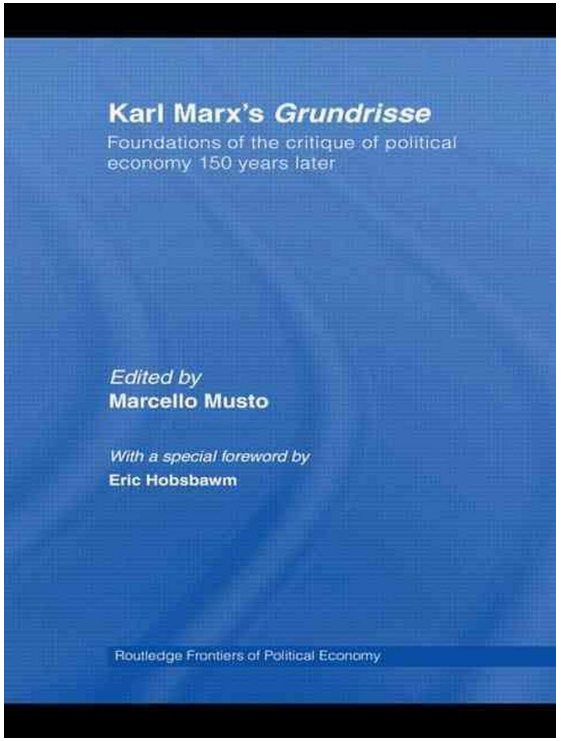
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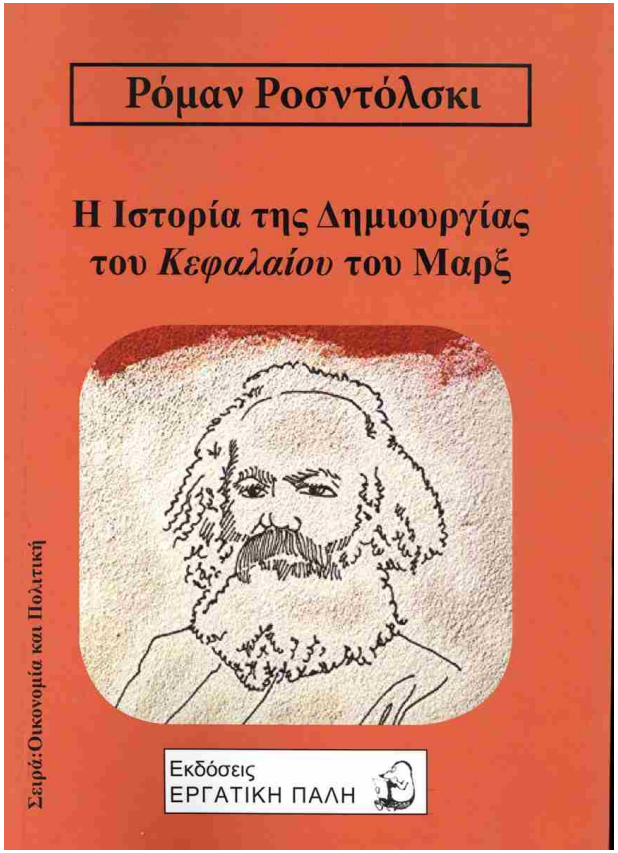

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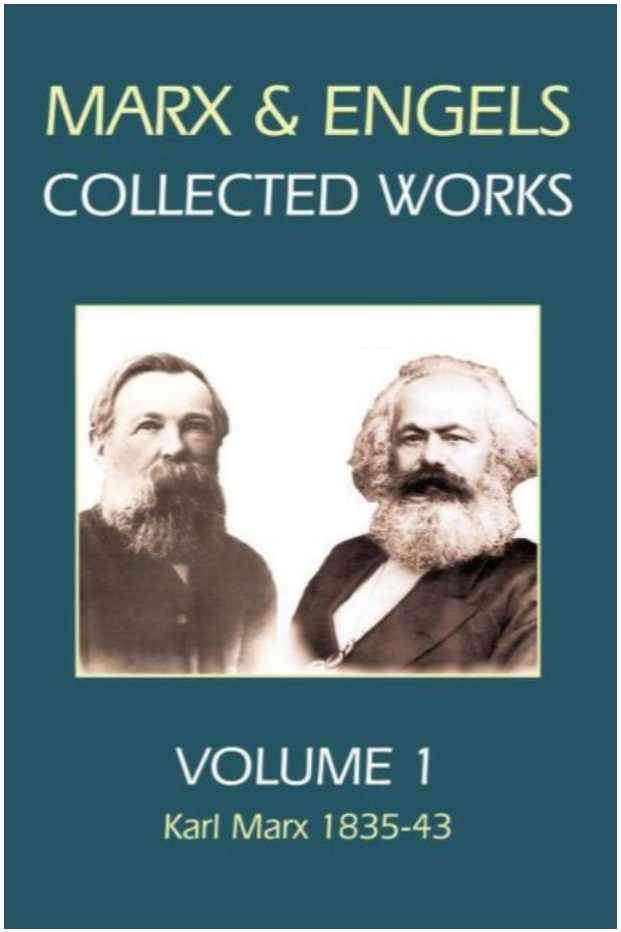

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V. I. LENIN

COLLECTED WORKS

VOLUME
19
March–December 1913

Prosveshcheniye No. 3,
March, 1913
Signed: *V. I.*

The Three Sources and Three Component Parts of Marxism

The Marxist […] is the legitimate successor to the best that man produced in the nineteenth century, as represented by German philosophy, English political economy and French socialism.

1. **German philosophy.** "Marx did not stop at eighteenth-century materialism: he developed philosophy to a higher level, he enriched it with the achievements of German classical philosophy, especially of Hegel's system, which in its turn had led to the materialism of Feuerbach, […] dialectics. […] His historical materialism was a great achievement in scientific thinking. […] man's social knowledge (i.e., his various views and doctrines—philosophical, religious, political and so forth) reflects the economic system of society. Political institutions are a superstructure on the economic foundation.
2. English political economy
3. French socialism

Karl Marx (1818-1883)

V. I. LENIN

COLLECTED WORKS

VOLUME
19
March – December 1913

PROGRESS PUBLISHERS
MOSCOW

Prosveshcheniye No. 3,
March, 1913
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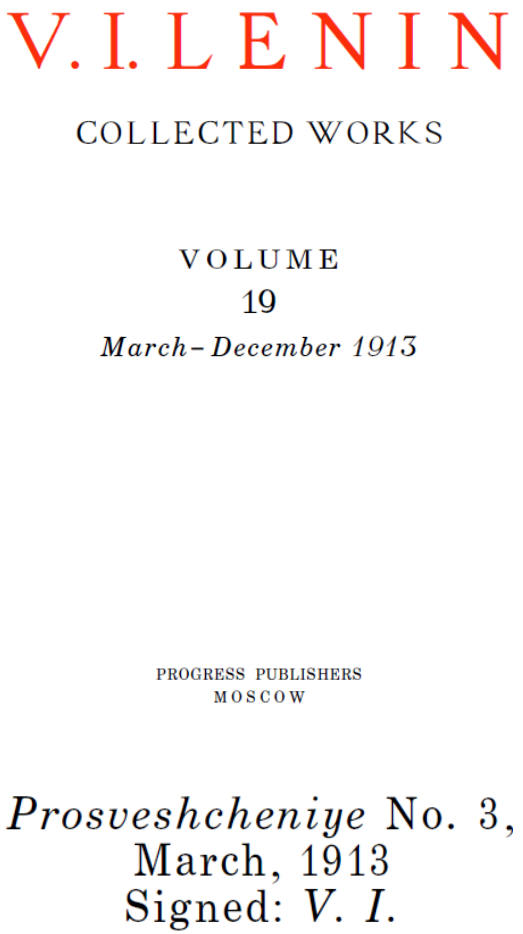
The Three Sources and Three Component Parts of Marxism

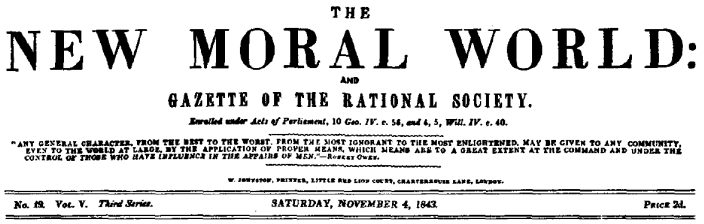
1. German philosophy
2. **English political economy**. Classical political economy, before Marx, evolved in England, the most developed of the capitalist countries. Adam Smith and David Ricardo, by their investigations of the economic system, laid the foundations of the labour theory of value. Marx continued their work; he provided a proof of the theory and developed it consistently. He showed that the value of every commodity is determined by the quantity of socially necessary labour time spent on its production. […] Where the bourgeois economists saw a relation between things (the exchange of one commodity for another) Marx revealed *a relation between people*. The exchange of commodities expresses the connection between individual producers through the market. *Money* signifies that the connection is becoming closer and closer, inseparably uniting the entire economic life of the individual producers into one whole. *Capital* signifies a further development of this connection: man's labour-power becomes a commodity. The wage-worker sells his labour-power to the owner of land, factories and instruments of labour. The worker spends one part of the day covering the cost of maintaining himself and his family (wages), while the other part of the day he works without remuneration, creating for the capitalist surplus-value, the source of profit, the source of the wealth of the capitalist class. […] The doctrine of *surplus-value* is the corner-stone of Marx's economic theory.

Karl Marx (1818-1883)



The Three Sources and Three Component Parts of Marxism

1. German philosophy
2. English political economy.
3. **French socialism.** When feudalism was overthrown and "*free*" capitalist society appeared in the world, it at once became apparent that this freedom meant a new system of oppression and exploitation of the working people. Various socialist doctrines immediately emerged as a reflection of and protest against this oppression. Early socialism, however, was *utopian* socialism. It criticised capitalist society, it condemned and damned it, it dreamed of its destruction, it had visions of a better order and endeavoured to convince the rich of the immorality of exploitation. But utopian socialism could not indicate the real solution. It could not explain the real nature of wage-slavery under capitalism, it could not reveal the laws of capitalist development, or show what *social force* is capable of becoming the creator of a new society. [...] The genius of Marx lies in his having been the first to deduce from this the lesson world history teaches and to apply that lesson consistently. The deduction he made is the doctrine of the *class struggle*.



THE
NEW MORAL WORLD:
AND
GAZETTE OF THE RATIONAL SOCIETY.

Enrolled under Acts of Parliament, 10 Geo. IV. c. 56, and 4, 5, Will. IV. c. 40.

"ANY GENERAL CHARACTER, FROM THE BEST TO THE WORST, FROM THE MOST IGNORANT TO THE MOST ENLIGHTENED, MAY BE GIVEN TO ANY COMMUNITY, EVEN TO THE WORLD AT LARGE, BY THE APPLICATION OF PROPER MEANS, WHICH MEANS ARE TO A GREAT EXTENT AT THE COMMAND AND UNDER THE CONTROL OF THOSE WHO HAVE INFLUENCE IN THE AFFAIRS OF MEN."—ROBERT OWEN.

W. JOHNSTON, PRINTER, LITTLE RED LION COURT, CHANCERY LANE, LONDON.

No. 19. Vol. V. Third Series. SATURDAY, NOVEMBER 4, 1843. Price 2d.

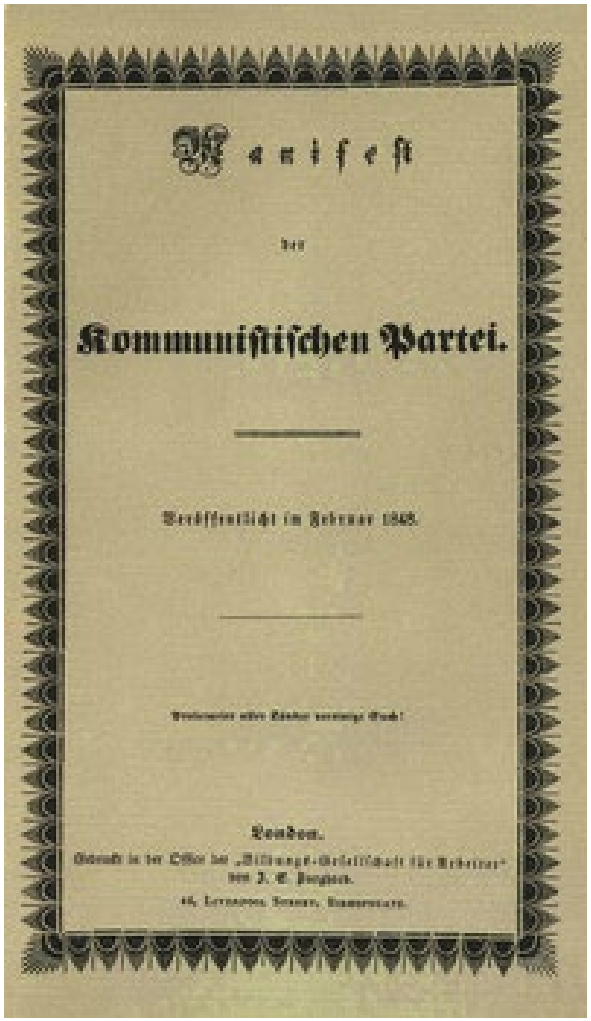
Frederick Engels

Manchester, Oct. 23, 1843

Thus, the three great and civilised countries of Europe—England, France, and Germany, have all come to the conclusion, that a thorough revolution of social arrangements, based on community of property, has now become an urgent and unavoidable necessity. This result is the more striking, as it was

It must, therefore, appear desirable, that the three nations should understand each other, should know how far they agree, and how far they disagree; because there must be disagreement also, owing to the different origin of the doctrine of Community in each of the three countries. The English came to the conclusion *practically*, by the rapid increase of misery, demoralisation, and pauperism in their own country: the French *politically*, by first asking for political liberty and equality; and, finding this insufficient, joining social liberty, and social equality to their political claims: the Germans became Communists *philosophically*, by reasoning upon first principles. This being the origin of Socialism in the three countries, there must exist differences upon minor points; but I think I shall be able to show that these differences are very insignificant, and quite consistent with the best feeling on the part of the Social reformers of each country towards those of the other.

The Communist Manifesto

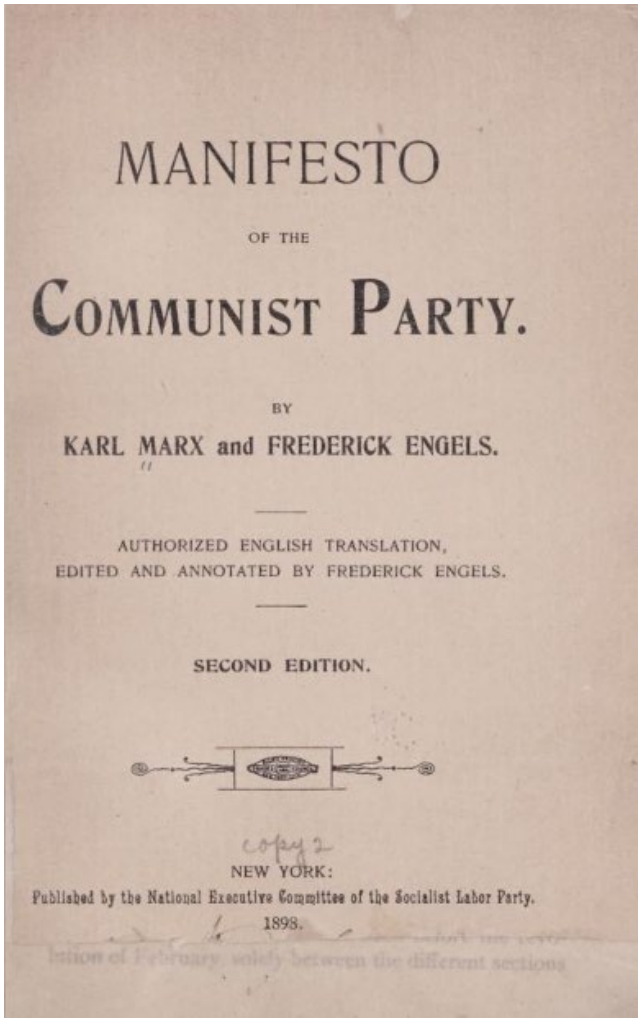

Manifest

der

Kommunistischen Partei.

Veröffentlicht im Februar 1848.

London.


MANIFESTO

OF THE

COMMUNIST PARTY.

BY

KARL MARX and FREDERICK ENGELS.

AUTHORIZED ENGLISH TRANSLATION,
EDITED AND ANNOTATED BY FREDERICK ENGELS.

SECOND EDITION.

NEW YORK:
Published by the National Executive Committee of the Socialist Labor Party.
1888.

MANIFESTO
OF THE
COMMUNIST PARTY
BY
KARL MARX AND FREDERICK ENGELS.

A SPECTRE is haunting Europe—the spectre of Communism. All the powers of old Europe have entered into a holy alliance to exorcise this spectre; Pope and Czar, Metternich and Guizot, French Radicals and German police-spies.

Where is the party in opposition that has not been decried as communistic by its opponents in power? Where the Opposition that has not hurled back the branding reproach of Communism, against the more advanced opposition parties, as well as against its reactionary adversaries?

Two things result from this fact.

I.—Communism is already acknowledged by all European Powers to be itself a Power.

II.—It is high time that Communists should openly, in the face of the whole world, publish their views, their aims, their tendencies, and meet this nursery tale of the Spectre of Communism with a Manifesto of the party itself.

To this end, Communists of various nationalities have assembled in London, and sketched the following manifesto, to be published in the English, French, German, Italian, Flemish and Danish languages.

I.

BOURGEOIS AND PROLETARIANS.*

The history of all hitherto existing society† is the history of class struggles.

Freeman and slave, patrician and plebeian, lord and serf, guild-master‡ and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary re-constitution of society at large, or in the common ruin of the contending classes.

In the earlier epochs of history, we find almost everywhere a complicated arrangement of society into various orders, a manifold graduation of social rank. In ancient Rome we have patricians,

*By bourgeoisie is meant the class of modern Capitalists, owners of the means of social production and employers of wage-labor. By proletariat, the class of modern wage-laborers who, having no means of production of their own, are reduced to selling their labor-power in order to live.

†That is, all written history. In 1847, the pre-history of society, the social organization existing previous to recorded history, was all but unknown. Since then, Haxthausen discovered common ownership of land in Russia, Maurer proved it to be the social foundation from which all Teutonic races started in history, and by and by village communities were found to be, or to have been, the primitive form of society everywhere from India to Ireland. The inner organization of this primitive Communistic society was laid bare, in its typical form, by Morgan's crowning discovery of the true nature of the gens and its relation to the tribe. With the dissolution of these primeval communities society begins to be differentiated into separate and finally antagonistic classes. I have attempted to retrace this process of dissolution in "The Origin of the Family, Private Property and the State."

‡Guild-master, that is a full member of a guild, a master within, not a head of, a guild.

knights, plebians, slaves; in the middle ages, feudal lords, vassals, guild-masters, journeymen, apprentices, serfs; in almost all of these classes, again, subordinate gradations.

The modern bourgeois society that has sprouted from the ruins of feudal society has not done away with class antagonisms. It has established new classes, new conditions of oppression, new forms of struggle in place of the old ones.

Our epoch, the epoch of the bourgeoisie, possesses, however, this distinctive feature; it has simplified the class antagonisms. Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other: Bourgeoisie and the Proletariat.

From the serfs of the middle ages sprang the chartered burghers of the earliest towns. From these burgesses the first elements of the bourgeoisie were developed.

Th discovery of America, the rounding of the Cape, opened up fresh ground for the rising bourgeoisie. The East-Indian and Chinese markets, the colonization of America, trade with the colonies, the increase in the means of exchange and in commodities generally, gave to commerce, to navigation, to industry, an impulse never before known, and thereby, to the revolutionary element in the tottering feudal society, a rapid development.

The feudal system of industry, under which industrial production was monopolized by close guilds, now no longer sufficed for the growing wants of the new markets. The manufacturing

The bourgeoisie, historically, has played a most revolutionary part.

The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his "natural superiors," and has left remaining no other nexus between man and man than naked self-interest, than callous "cash payment." It has drowned the most heavenly ecstacies of religious fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms—Free Trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation.

The bourgeoisie has stripped of its halo every occupation hitherto honored and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage-laborers.

The bourgeoisie has torn away from the family its sentimental veil, and has reduced the family relation to a mere money relation.

The bourgeoisis cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society. Conservation of the old modes of production in unaltered form, was, on the contrary, the first condition of existence for all earlier industrial classes. Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses, his real conditions of life, and his relations with his kind.

The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.

literatures there arises a world-literature.

The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian. nations into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In a word, it creates a world after its own image.

The bourgeoisie has subjected the country to the rule of the towns. It has created enormous cities, has greatly increased the urban population as compared with the rural, and has thus rescued a considerable part of the population from the idiocy of rural life. Just as it has made the country dependent on the towns, so it has made barbarian and semi-barbarian countries dependent on the civilized ones, nations of peasants on nations of bourgeois, the East on the West.

IV.

POSITION OF THE COMMUNISTS IN RELATION TO THE VARIOUS EXISTING OPPOSITION PARTIES.

Section II. has made clear the relations of the Communists to the existing working class parties, such as the Chartists in England and the Agrarian Reformers in America.

The Communists fight for the attainment of the immediate aims, for the enforcement of the momentary interests of the working class; but in the movement of the present, they also represent and take care of the future of that movement. In France the Communists ally themselves with the Social-Democrats,* against the conservative and radical bourgeoisie, reserving, however, the right to take up a critical position in regard to phrases and illusions traditionally handed down from the great Revolution.

In Switzerland they support the Radicals, without losing sight of the fact that this party consists of antagonistic elements, partly of Democratic Socialists, in the French sense, partly of radical bourgeois.

In Poland they support the party that insists on an agrarian revolution, as the prime condition for national emancipation, that party which fomented the insurrection of Cracow in 1846.

*The party then represented in parliament by Ledru-Rollin, in literature by Louis Blanc, in the daily press by the Reforme. The name of Social Democracy signified, with these its inventors, a section of the Democratic or Republican party more or less tinged with Socialism.

In Germany they fight with the bourgeoisie whenever it acts in a revolutionary way, against the absolute monarchy, the feudal squirearchy, and the petty bourgeoisie.

But they never cease, for a single instant, to instill into the working class the clearest possible recognition of the hostile antagonism between bourgeoisie and proletariat, in order that the German workers may straightway use, as so many weapons against the bourgeoisie, the social and political conditions that the bourgeoisie must necessarily introduce along with its supremacy, and in order that, after the fall of the reactionary classes in Germany, the fight against the bourgeoisie itself may immediately begin.

The Communists turn their attention chiefly to Germany, because that country is on the eve of a bourgeois revolution, that is bound to be carried out under more advanced conditions of European civilization, and with a more developed proletariat, than that of England was in the seventeenth, and of France in the eighteenth century, and because the bourgeois revolution in Germany will be but the prelude to an immediately following proletarian revolution.

In short, the Communists everywhere support every revolutionary movement against the existing social and political order of things.

In all these movements they bring to the front, as the leading question in each, the property question, no matter what its degree of development at the time.

Finally, they labor everywhere for the union and agreement of the democratic parties of all countries.

The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a Communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win.

Working men of all countries, unite!

PROLETARIER
ALLER LÄNDER
VEREINIGT EUCH!
ПРОЛЕТАРИИ
ВСЕХ СТРАН
СОЕДИНЯЙТЕСЬ!
PROLETAIRES DE TOUS
LES PAYS UNISSEZ-VOUS

战无不胜的马克思列宁主义、毛泽东思想万岁!

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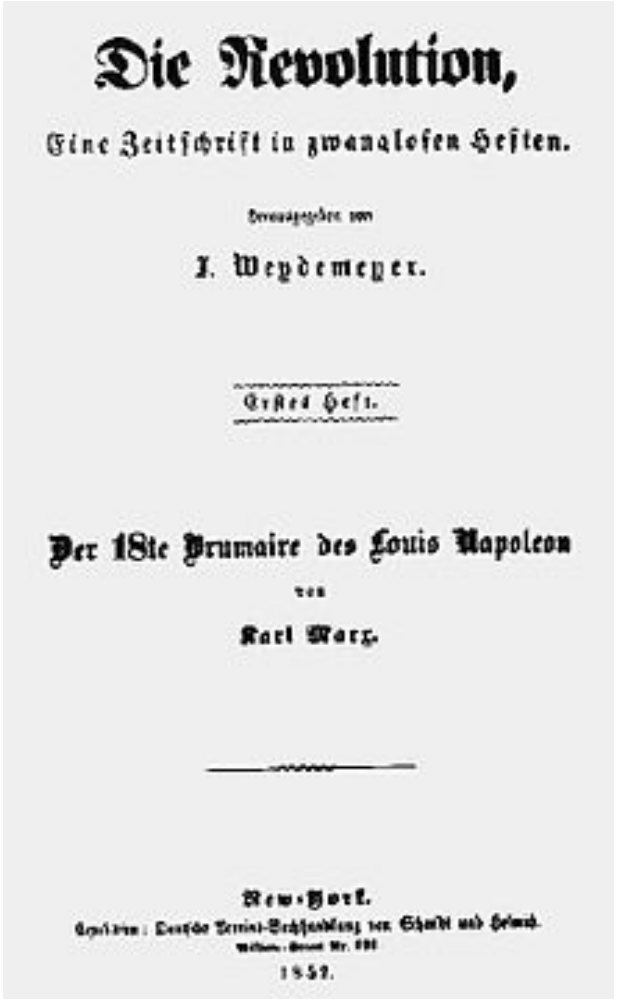
СД
WORKERS OF THE WORLD, UNITE!
ПРОЛЕТАРИИ ВСЕХ СТРАН, СОЕДИНЯЙТЕСЬ!

The Eighteenth Brumaire of Louis Bonaparte



Die Revolution,

Eine Zeitschrift in zwanglosen Heften.

Herausgegeben von

J. Weydemeyer.

Erstes Heft.

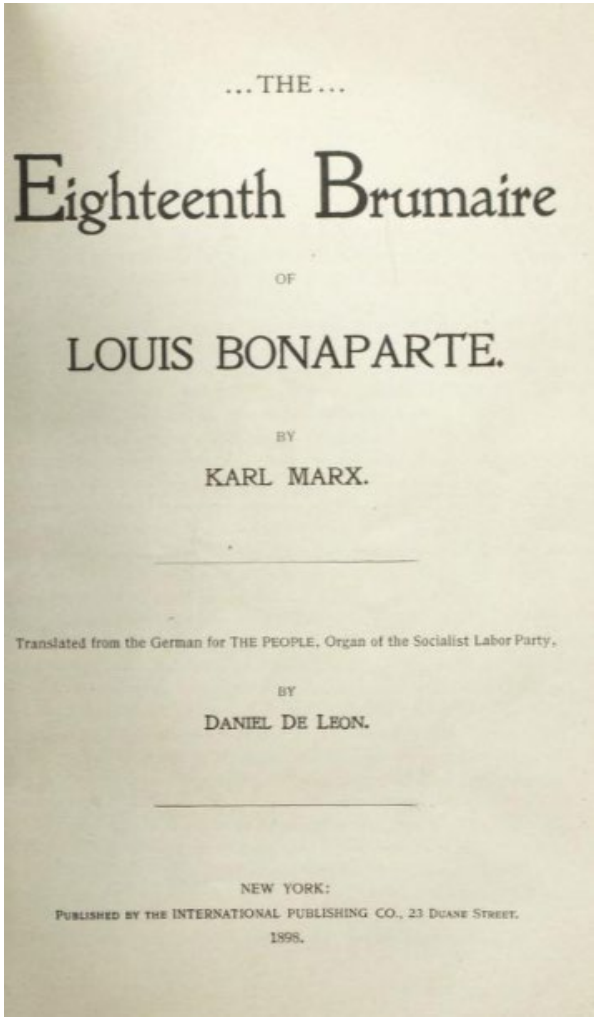
Der 18te Brumaire des Louis Napoleon

von

Karl Marx.

New-York.

1852.



...THE...

Eighteenth Brumaire

OF

LOUIS BONAPARTE.

BY

KARL MARX.

Translated from the German for THE PEOPLE, Organ of the Socialist Labor Party.

BY

DANIEL DE LEON.

NEW YORK:

PUBLISHED BY THE INTERNATIONAL PUBLISHING CO., 23 DUANE STREET.

1898.

The Eighteenth Brumaire of Louis Bonaparte

THE EIGHTEENTH BRUMAIRE

— OF —

LOUIS BONAPARTE.

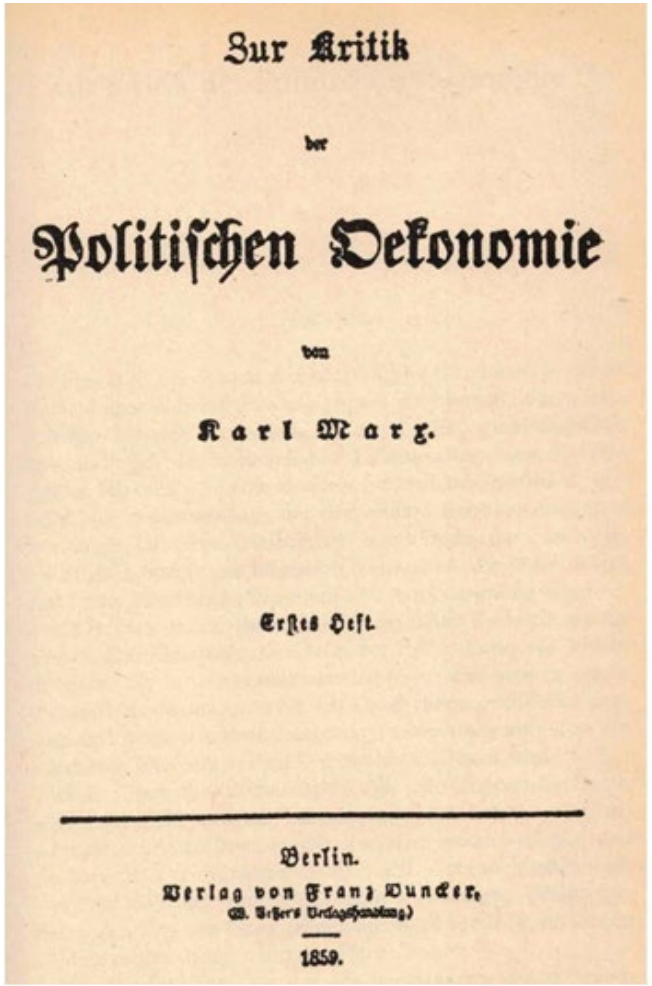
By KARL MARX.

I.

Hegel says somewhere that all great historic facts and personages recur twice. He forgot to add: "Once as tragedy, and again as farce." Caussidiere for Danton, Louis Blanc for Robespierre, the "Mountain" of 1848-51 for the "Mountain" of 1793-95, the Nephew for the Uncle. The identical caricature marks also the conditions under which the second edition of the eighteenth Brumaire is issued.

Man makes his own history, but he does not make it out of the whole cloth; he does not make it out of conditions chosen by himself, but out of such as he finds close at hand. The tradition of all past generations weighs like an alp upon the brain of the living. At the very time when men appear engaged in revolutionizing things and themselves, in bringing about what never was before, at such very epochs of revolutionary crises do they anxiously conjure up into their service the spirits of the past, assume their names, their battle cries, their costumes to enact a new historic scene in such time-honored disguise and with such borrowed language. Thus did Luther masquerade as the Apostle Paul; thus did the revolution of 1789-1814 drape itself alternately as Roman Republic and as Roman Empire; nor did the revolution of 1848 know what better to do than to parody at one time the year 1789, at another the revolutionary traditions of 1793-95. Thus does the beginner, who has acquired a new language, keep on translating it back into his own mother tongue; only then has he grasped the spirit of the new language and is able freely to express himself therewith when he moves in it without recollections of old, and has forgotten in its use his own hereditary tongue.

A Contribution to the Critique of Political Economy


Zur Kritik

der

Politiſchen Oekonomie

von

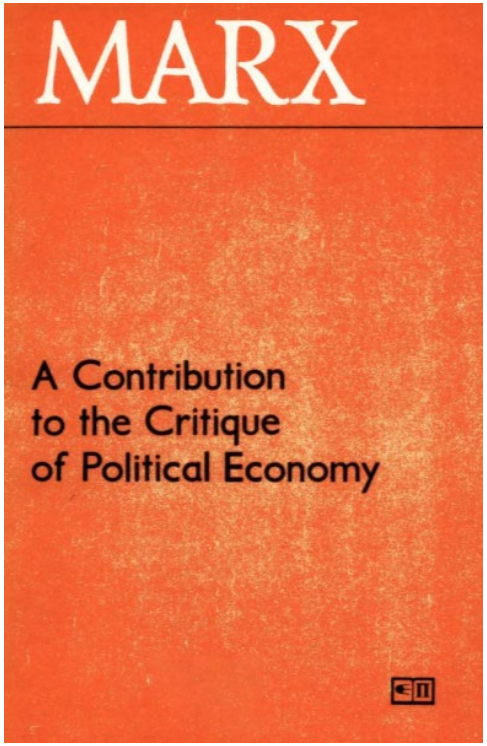
Karl Marx.

Erſtes Heft.

Berlin.

Verlag von Franz Duncker.

1859.


MARX

A Contribution to the Critique of Political Economy

Workers of All Countries, Unite!

Karl Marx

A CONTRIBUTION TO THE CRITIQUE OF POLITICAL ECONOMY

PROGRESS PUBLISHERS

Moscow

A Contribution to the Critique of Political Economy

The first work which I undertook to dispel the doubts assailing me was a critical re-examination of the Hegelian philosophy of law; the introduction to this work being published in the *Deutsch-Französische Jahrbücher*[5] issued in Paris in 1844. My inquiry led me to the conclusion that neither legal relations nor political forms could be comprehended whether by themselves or on the basis of a so-called general development of the human mind, but that on the contrary they originate in the material conditions of life, the totality of which Hegel, following the example of English and French thinkers of the eighteenth century, embraces within the term "civil society"; that the anatomy of this civil society, however, has to be sought in political economy. The study of this, which I began in Paris, I continued in Brussels, where I moved owing to an expulsion order issued by M. Guizot. The general conclusion at which I arrived and which, once reached, became the guiding principle of my studies can be summarised as follows. In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general

A Contribution to the Critique of Political Economy

process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness. At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or—this merely expresses the same thing in legal terms—with the property relations within the framework of which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution. The changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure. In studying such transformations it is always necessary to distinguish between the material transformation of the economic conditions of production, which can be determined with the precision of natural science, and the legal, political, religious, artistic or philosophic—in short, ideological forms in which men become conscious of this conflict and fight it out. Just as one does not judge an individual by what he thinks about himself, so one cannot judge such a period of transformation by its consciousness, but, on the contrary, this consciousness must be explained from the contradictions of material life, from the conflict existing between the social forces of production and the relations of production. No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society. Mankind thus inevitably sets itself only such tasks as it is able to solve, since closer examination

A Contribution to the Critique of Political Economy

for their existence have matured within the framework of the old society. Mankind thus inevitably sets itself only such tasks as it is able to solve, since closer examination will always show that the problem itself arises only when the material conditions for its solution are already present or at least in the course of formation. In broad outline, the Asiatic, ancient, feudal and modern bourgeois modes of production may be designated as epochs marking progress in the economic development of society. The bourgeois mode of production is the last antagonistic form of the social process of production—antagonistic not in the sense of individual antagonism but of an antagonism that emanates from the individuals' social conditions of existence—but the productive forces developing within bourgeois society create also the material conditions for a solution of this antagonism.

The prehistory of human society accordingly closes with this social formation.

Karl Marx (1818-1883)

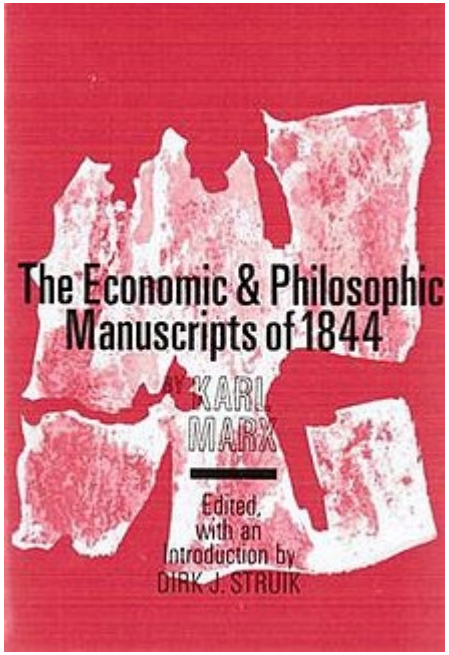
Historical materialism

Base and superstructure

Productive forces and relations of production

Karl Marx (1818-1883)

Economic and Philosophic Manuscripts of 1844

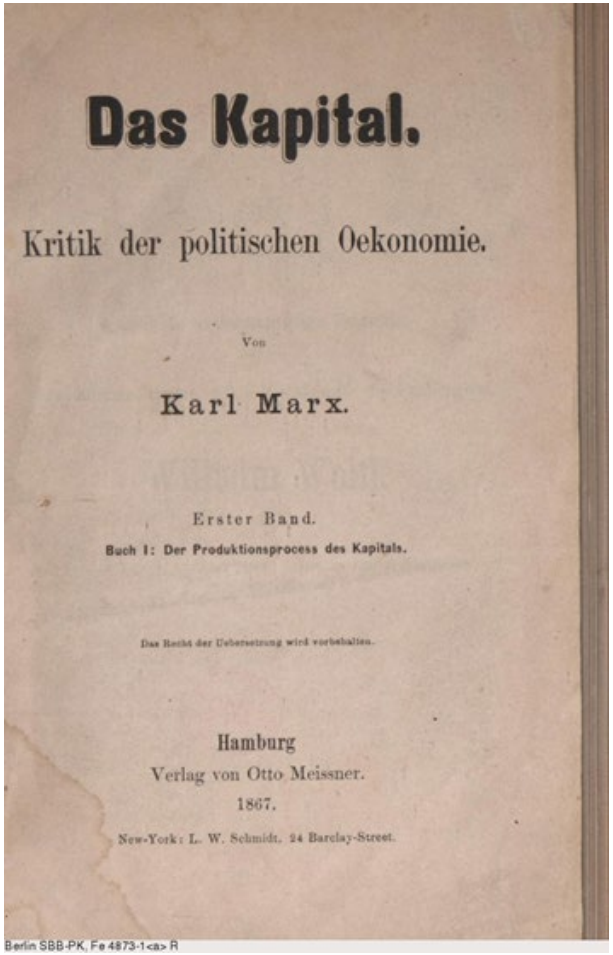


Alienation

1. The worker does not own the means of production
2. He does not own the product of his labour
3. He does not control the process of production

Alienated labour turns man's activity into a means of subsistence

Karl Marx (1818-1883)


Das Kapital.

Kritik der politischen Oekonomie.

Von

Karl Marx.

Erster Band.

Buch I: Der Produktionsprocess des Kapitals.

Das Recht der Uebersetzung wird vorbehalten.

Hamburg
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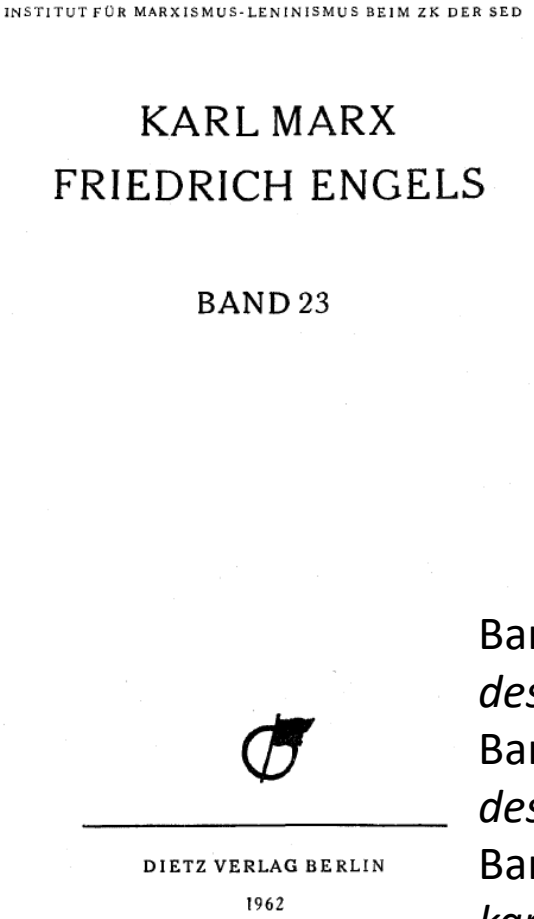
1867.

New-York: L. W. Schmidt, 24 Barclay-Street.

Berlin SBB-PK, Fe 4873-1<a> R


INSTITUT FÜR MARXISMUS-LENINISMUS BEIM ZK DER SED

KARL MARX
FRIEDRICH ENGELS

BAND 23

DIETZ VERLAG BERLIN
1962

KARL MARX

Das Kapital

Kritik der politischen Ökonomie

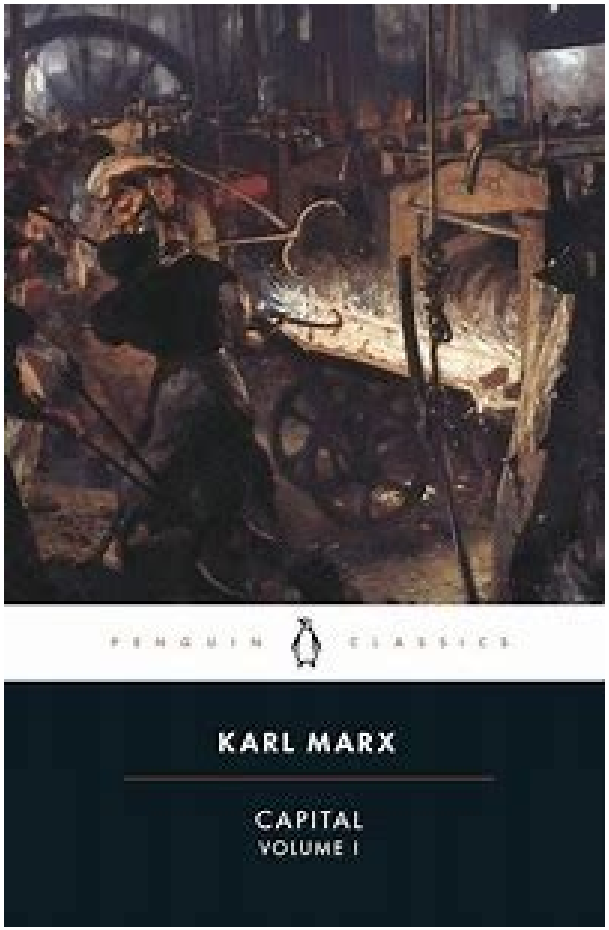
Erster Band

Buch I:

Der Produktionsprozeß des Kapitals

Band 1: *Der Produktionsprozess des Kapitals*
Band 2: *Der Zirkulationsprozess des Kapitals*
Band 3: *Der Gesamtprozess der kapitalistischen Produktion*

Karl Marx (1818-1883)



KARL MARX

Capital

A Critique of
Political Economy

Volume One

Introduced by
Ernest Mandel

Translated by
Ben Fowkes

Penguin Books
in association with New Left Review

Since 1848 capitalist production has developed rapidly in Germany, and at the present time it is in the full bloom of speculation and swindling. But fate is still unpropitious to our professional economists. At the time when they were able to deal with political economy in an unprejudiced way, modern economic conditions were absent from the reality of Germany. And as soon as these conditions did come into existence, it was under circumstances that no longer permitted their impartial investigation within the bounds of the bourgeois horizon. In so far as political economy is bourgeois, i.e. in so far as it views the capitalist order as the absolute and ultimate form of social production, instead of as a historically transient stage of development, it can only remain a science while the class struggle remains latent or manifests itself only in isolated and sporadic phenomena.

Let us take England. Its classical political economy belongs to a period in which the class struggle was as yet undeveloped. Its last great representative, Ricardo, ultimately (and consciously) made the antagonism of class interests, of wages and profits, of profits and rent, the starting-point of his investigations, naïvely taking this antagonism for a social law of nature. But with this contribution the bourgeois science of economics had reached the limits beyond which it could not pass. Already in Ricardo's lifetime, and in opposition to him, it was met by criticism in the person of Sismondi.[1]

The succeeding period, from 1820 to 1830, was notable in England for the lively scientific activity which took place in the field of political economy. It was the period of both the vulgarizing and the extending of Ricardo's theory, and of the contest of that theory with the old school. Splendid tournaments were held. What was achieved at that time is little known on the European Continent, because the polemic is for the most part scattered over articles in reviews, *pièces d'occasion* and pamphlets. The unprejudiced character of this polemic – although Ricardo's theory already serves, in exceptional cases, as a weapon with which to attack the bourgeois economic system – is explained by the circumstances of the time. On the one hand, large-scale industry itself was only just emerging from its childhood, as is shown by the fact that the periodic cycle of its modern life opens for the first time with the crisis of 1825. On the other hand, the class struggle between capital and labour was forced into the background, politically by the discord between the governments and the feudal aristocracy gathered around the Holy Alliance, assembled in one camp, and the mass of the people, led by the bourgeoisie, in the other camp, and economically by the quarrel between industrial capital and aristocratic landed property. This latter quarrel was concealed in France by the antagonism between small-scale, fragmented property and big landownership, but in England it broke out openly after the passing of the Corn Laws. The literature of political economy in England at this time calls to mind the economic 'storm and stress period' which in France followed the death of Dr Quesnay,* but only as an Indian summer reminds us of spring. With the year 1830 there came the crisis which was to be decisive, once and for all.

In France and England the bourgeoisie had conquered political power. From that time on, the class struggle took on more and more explicit and threatening forms, both in practice and in theory. It sounded the knell of scientific bourgeois economics. It was thenceforth no longer a question whether this or that theorem was true, but whether it was useful to capital or harmful, expedient or inexpedient, in accordance with police regulations or contrary to them. In place of disinterested inquirers there stepped hired prize-fighters; in place of genuine scientific research, the bad conscience and evil intent of apologetics. Still, even the importunate pamphlets with which the Anti-Corn Law League, led by the manufacturers Cobden and Bright, deluged the world offer a historical interest, if no scientific one, on account of their polemic against the landed aristocracy. But since then the free-trade legislation inaugurated by Sir Robert Peel has deprived vulgar economics even of this, its last sting.

The Continental revolution of 1848 also had its reaction in

1. See my work *Zur Kritik der Politischen Ökonomie*, p. 39 [English translation, p. 61].

*Dr Quesnay died in 1774. His death was immediately followed by Turgot's attempt to put Physiocratic ideas into practice, while he was Louis XVI's Controller-General (1774–6). His fall in 1776 opened a period of political and economic crisis which culminated in the French Revolution. It is this which Marx has in mind, rather than the (somewhat exiguous) theoretical writings of the period after 1774.

NJ Theocarakis UoA: The critique of Political economy: Karl Marx

England. Men who still claimed some scientific standing and aspired to be something more than mere sophists and sycophants of the ruling classes tried to harmonize the political economy of capital with the claims, no longer to be ignored, of the proletariat. Hence a shallow syncretism, of which John Stuart Mill is the best representative. This is a declaration of bankruptcy by 'bourgeois' economics, an event already illuminated in a masterly manner by the great Russian scholar and critic N. Chernyshevsky, in his *Outlines of Political Economy According to Mill*.

In Germany, therefore, the capitalist mode of production came to maturity after its antagonistic character had already been revealed, with much sound and fury, by the historical struggles which took place in France and England. Moreover, the German proletariat had in the meantime already attained a far clearer theoretical awareness than the German bourgeoisie. Thus, at the very moment when a bourgeois science of political economy at last seemed possible in Germany, it had in reality again become impossible.

Under these circumstances its spokesmen divided into two groups. The one set, prudent, practical business folk, flocked to the banner of Bastiat, the most superficial and therefore the most successful representative of apologetic vulgar economics; the other set, proud of the professorial dignity of their science, followed John Stuart Mill in his attempt to reconcile the irreconcilable. Just as in the classical period of bourgeois economics, so also in the period of its decline, the Germans remained mere pupils, imitators and followers, petty retailers and hawkers in the service of the great foreign wholesale concern.

The peculiar historical development of German society therefore excluded any original development of 'bourgeois' economics there, but did not exclude its critique. In so far as such a critique represents a class, it can only represent the class whose historical task is the overthrow of the capitalist mode of production and the final abolition of all classes – the proletariat.

The learned and unlearned spokesmen of the German bourgeoisie tried at first to kill *Das Kapital* with silence, a technique which had succeeded with my earlier writings. As soon as they found that these tactics no longer fitted the conditions of the time, they wrote prescriptions 'for tranquillizing the bourgeois mind', on the pretext of criticizing my book. But they found in the workers' press – see for example Joseph Dietzgen's articles in the *Volksstaat** – champions stronger than themselves, to whom they still owe a reply even now.[2]

An excellent Russian translation of *Capital* appeared in the spring of 1872 in St Petersburg. The edition of 3,000 copies is already nearly exhausted. As early as 1871, N. Sieber, Professor of Political Economy in the University of Kiev, in his work *David Ricardo's Theory of Value and of Capital*, referred to my theory of value, money and capital as in its fundamentals a necessary sequel to the teaching of Smith and Ricardo. What astonishes a Western European when he reads this solid piece of work is the author's consistent and firm grasp of the purely theoretical position.

That the method employed in *Capital* has been little understood is shown by the various mutually contradictory conceptions that have been formed of it.

Thus the Paris *Revue Positiviste*† reproaches me for, on the one hand, treating economics metaphysically, and, on the other hand – imagine this! – confining myself merely to the critical analysis of the actual facts, instead of writing recipes (Comtist ones?) for the cook-shops of the future. Professor Sieber has already given the answer to the reproach about metaphysics: 'In so far as it deals

2. The mealy-mouthed babblers of German vulgar economics grumbled about the style of my book. No one can feel the literary shortcomings of *Capital* more strongly than I myself. Yet I will quote in this connection one English and one Russian notice, for the benefit and enjoyment of these gentlemen and their public. The *Saturday Review*, an entirely hostile journal, said in its notice of the first edition: 'The presentation of the subject invests the driest economic questions with a certain peculiar charm.' The *St Petersburg Journal* (*Sankt-Peterburgskye Vyedomosty*), in its issue of 20 April 1872, says: 'The presentation of the subject, with the exception of one or two excessively specialized parts, is distinguished by its comprehensibility to the general reader, its clearness, and, in spite of the high scientific level of the questions discussed, by an unusual liveliness. In this respect the author in no way resembles . . . the majority of German scholars, who . . . write their books in a language so dry and obscure that the heads of ordinary mortals are cracked by it.'

* Dietzgen's articles on *Capital* actually appeared in Nos. 31, 34, 35 and 36 of the *Demokratisches Wochenblatt* in 1868. After the founding congress of the German Social Democratic Workers' Party in 1869 the paper was made its official organ, and renamed *Der Volksstaat*.

† *La Philosophie Positive. Revue* was the journal of the followers of Auguste Comte. It appeared in Paris between 1867 and 1883, under the editorship of E. Littré.

Chapter 1: The Commodity

1. THE TWO FACTORS OF THE COMMODITY: USE-VALUE AND VALUE (SUBSTANCE OF VALUE, MAGNITUDE OF VALUE)

The wealth of societies in which the capitalist mode of production prevails appears as an 'immense collection of commodities'[1]; the individual commodity appears as its elementary form. Our investigation therefore begins with the analysis of the commodity.

The commodity is, first of all, an external object, a thing which through its qualities satisfies human needs of whatever kind. The nature of these needs, whether they arise, for example, from the stomach, or the imagination, makes no difference.[2] Nor does it matter here how the thing satisfies man's need, whether directly as a means of subsistence, i.e. an object of consumption, or indirectly as a means of production.

Every useful thing, for example, iron, paper, etc., may be looked at from the two points of view of quality and quantity. Every useful thing is a whole composed of many properties; it can therefore be useful in various ways. The discovery of these ways and hence of the manifold uses of things is the work of history.[3] So also is the invention of socially recognized standards of measurement for the quantities of these useful objects. The diversity of the

1. Karl Marx, *Zur Kritik der Politischen Ökonomie*, Berlin, 1859, p. 3 [English translation, p. 27].

2. 'Desire implies want; it is the appetite of the mind, and as natural as hunger to the body . . . The greatest number (of things) have their value from supplying the wants of the mind' (Nicholas Barbon, *A Discourse on Coining the New Money Lighter. In Answer to Mr Locke's Considerations etc.*, London, 1696, pp. 2, 3).

3. 'Things have an intrinsick vertue' (this is Barbon's special term for use-value) 'which in all places have the same vertue; as the loadstone to attract iron' (op. cit., p. 6). The magnet's property of attracting iron only became useful once it had led to the discovery of magnetic polarity.

measures for commodities arises in part from the diverse nature of the objects to be measured, and in part from convention.

The usefulness of a thing makes it a use-value.[4] But this usefulness does not dangle in mid-air. It is conditioned by the physical properties of the commodity, and has no existence apart from the latter. It is therefore the physical body of the commodity itself, for instance iron, corn, a diamond, which is the use-value or useful thing. This property of a commodity is independent of the amount of labour required to appropriate its useful qualities. When examining use-values, we always assume we are dealing with definite quantities, such as dozens of watches, yards of linen, or tons of iron. The use-values of commodities provide the material for a special branch of knowledge, namely the commercial knowledge of commodities.[5] Use-values are only realized [*verwirklicht*] in use or in consumption. They constitute the material content of wealth, whatever its social form may be. In the form of society to be considered here they are also the material bearers [*Träger*] of . . . exchange-value.

Exchange-value appears first of all as the quantitative relation, the proportion, in which use-values of one kind exchange for use-values of another kind.[6] This relation changes constantly with time and place. Hence exchange-value appears to be something accidental and purely relative, and consequently an intrinsic value, i.e. an exchange-value that is inseparably connected with the commodity, inherent in it, seems a contradiction in terms.[7] Let us consider the matter more closely.

4. 'The natural worth of anything consists in its fitness to supply the necessities, or serve the conveniences of human life' (John Locke, 'Some Considerations on the Consequences of the Lowering of Interest' (1691), in *Works*, London, 1777, Vol. 2, p. 28). In English writers of the seventeenth century we still often find the word 'worth' used for use-value and 'value' for exchange-value. This is quite in accordance with the spirit of a language that likes to use a Teutonic word for the actual thing, and a Romance word for its reflection.

5. In bourgeois society the legal fiction prevails that each person, as a buyer, has an encyclopedic knowledge of commodities.

6. 'Value consists in the exchange relation between one thing and another, between a given amount of one product and a given amount of another' (Le Trosne, *De l'intérêt social*, in *Physiocrates*, ed. Daire, Paris, 1846, p. 889).

7. 'Nothing can have an intrinsick value' (N. Barbon, op. cit., p. 6); or as Butler says:

'The value of a thing
Is just as much as it will bring.'*

*Samuel Butler, *Hudibras*, Part 2, Canto 1, lines 465–6, 'For what is worth in any thing, but so much money as 'twill bring?'

As use-values, commodities differ above all in quality, while as exchange-values they can only differ in quantity, and therefore do not contain an atom of use-value.

If then we disregard the use-value of commodities, only one property remains, that of being products of labour. But even the product of labour has already been transformed in our hands. If we make abstraction from its use-value, we abstract also from the material constituents and forms which make it a use-value. It is no longer a table, a house, a piece of yarn or any other useful thing. All its sensuous characteristics are extinguished. Nor is it any longer the product of the labour of the joiner, the mason or the spinner, or of any other particular kind of productive labour. With the disappearance of the useful character of the products of labour, the useful character of the k nds of labour embodied in them also disappears; this in turn entails the disappearance of the different concrete forms of labour. They can no longer be distinguished, but are all together reduced to the same kind of labour, human labour in the abstract.

A use-value, or useful article, therefore, has value only because abstract human labour is objectified [*vergegenständlicht*] or materialized in it. How, then, is the magnitude of this value to be measured? By means of the quantity of the 'value-forming substance', the labour, contained in the article. This quantity is measured by its duration, and the labour-time is itself measured on the particular scale of hours, days etc.

It might seem that if the value of a commodity is determined by the quantity of labour expended to produce it, it would be the more valuable the more unskilful and lazy the worker who produced it, because he would need more time to complete the article. However, the labour that forms the substance of value is equal human labour, the expenditure of identical human labour-power. The total labour-power of society, which is manifested in the values of the world of commodities, counts here as one homogeneous mass of human labour-power, although composed of innumerable individual units of labour-power. Each of these units is the same as any other, to the extent that it has the character of a socially average unit of labour-power and acts as such, i.e. only needs, in order to produce a commodity, the labour time which is necessary on an average, or in other words is socially necessary. Socially necessary labour-time is the labour-time required to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in that society. The introduction of power-looms into England, for example, probably reduced by one half the labour required to convert a given quantity of yarn into woven fabric. In order to do this, the English hand-loom weaver in fact needed the same amount of labour-time as before; but the product of his individual hour of labour now only represented half an hour of social labour, and consequently fell to one half its former value.

Socially necessary labour-time

Money necessarily crystallizes out of the process of exchange, in which different products of labour are in fact equated with each other, and thus converted into commodities. The historical broadening and deepening of the phenomenon of exchange develops the opposition between use-value and value which is latent in the nature of the commodity. The need to give an external expression to this opposition for the purposes of commercial intercourse produces the drive towards an independent form of value, which finds neither rest nor peace until an independent form has been achieved by the differentiation of commodities into commodities and money. At the same rate, then, as the transformation of the products of labour into commodities is accomplished, one particular commodity is transformed into money.[4]

I. THE MEASURE OF VALUES

Throughout this work I assume that gold is the money commodity, for the sake of simplicity.

The first main function of gold is to supply commodities with the material for the expression of their values, or to represent their values as magnitudes of the same denomination, qualitatively equal and quantitatively comparable. It thus acts as a universal measure of value, and only through performing this function does gold, the specific equivalent commodity, become money.

It is not money that renders the commodities commensurable. Quite the contrary. Because all commodities, as values, are objectified human labour, and therefore in themselves commensurable, their values can be communally measured in one and the same specific commodity, and this commodity can be converted into the common measure of their values, that is into money. Money as a measure of value is the necessary form of appearance of the measure of value which is immanent in commodities, namely labour-time.[1]

Karl Marx (1818-1883)

- Commodity and fetishism of commodity
- Capitalism: eneralised commodity production
- Value: Social relation with a quantitative dimension

Karl Marx (1818-1883)

Useful labour [creates use-values]
Abstract labour [creates exchange values]

Socially necessary labour-time is the labour-time required to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in that society.

Reduction of skilled to simple labour

Karl Marx (1818-1883)

Social character of commodity production

Conditions

1. Degree of productive specialisation, so that each producer produces the same product or part of it
2. Complete separation of exchange value and use value
3. Extensive, developed market with the generalised use of money

Naïveté of the harmonious organization of production through exchange (invisible hand)

Karl Marx (1818-1883)

Simple commodity production

C-M-C

Capitalist circulation

M-C-M

M-C-M’

M–C–M′ is in fact therefore the general formula for capital, in the form in which it appears directly in the sphere of circulation.

Karl Marx (1818-1883)

Surplus value, exchange and sphere of exchange

M’-M = surplus value

As the conscious bearer [*Träger*] of this movement, the possessor of money becomes a capitalist. His person, or rather his pocket, is the point from which the money starts, and to which it returns. The objective content of the circulation we have been discussing – the valorization of value – is his subjective purpose, and it is only in so far as the appropriation of ever more wealth in the abstract is the sole driving force behind his operations that he functions as a capitalist, i.e. as capital personified and endowed with consciousness and a will. Use-values must therefore never be treated as the immediate aim of the capitalist;[7] nor must the profit on any single transaction. His aim is rather the unceasing movement of profit-making.[8] This boundless drive for enrichment, this passionate chase after value,[9] is common to the capitalist and the miser; but while the miser is merely a capitalist gone mad, the capitalist is a rational miser. The ceaseless augmentation of value, which the miser seeks to attain by saving[10] his money from circulation, is

other, some people have been led to look upon the preservation and increase of money *ad infinitum* as the final goal of economics' (Aristotle, *De Republica*, ed. Bekker, lib. I, c. 8, 9, passim).*

7. 'Commodities' (here used in the sense of use-values) 'are not the terminating object of the trading capitalist, money is his terminating object' (T. Chalmers, *On Political Economy etc.*, 2nd edn, Glasgow, 1832, pp. 165–6).

8. 'Though the merchant does not count the profit he has just made as nothing, he nevertheless always has his eye on his future profit' (A. Genovesi, *Lezioni di economia civile* (1765), printed in Custodi's edition of the Italian economists, *Parte moderna*, Vol. 8, p. 139).

9. 'The inextinguishable passion for gain, the *auri sacra fames*,† will always lead capitalists' (MacCulloch, *The Principles of Political Economy*, London, 1830, p. 179). This view, of course, does not prevent the same MacCulloch and his associates, when they are in theoretical difficulties, as for example in the treatment of over-production, from transforming the same capitalist into a good citizen, whose sole concern is for use-values, and who even develops an insatiable hunger for boots, hats, eggs, calico and other extremely common kinds of use-value.

10. Σώζειν [to save] is a characteristic Greek expression for hoarding. So in English the word 'to save' means both *retten* [to rescue] and *sparen* [to save].

*English edition: *Works of Aristotle*, Vol. X, Oxford, 1921, 'Politica', trs. B. Jowett, paras. 1256 and 1257. Much of this differs significantly from Marx's translation into German, as a result of his practice of quoting so as to bring out the meaning relevant to his argument. Thus 'gaining wealth through exchange' turns in Marx's hands into 'circulation', 'the art of household management' into 'economics', and 'the art of getting wealth' into 'chrematistics'.

†'Accursed hunger for gold'.

achieved by the more acute capitalist by means of throwing his money again and again into circulation.[11]

The independent form, i.e. the monetary form, which the value of commodities assumes in simple circulation, does nothing but mediate the exchange of commodities, and it vanishes in the final result of the movement. On the other hand, in the circulation M–C–M both the money and the commodity function only as different modes of existence of value itself, the money as its general mode of existence, the commodity as its particular or, so to speak, disguised mode.[12] It is constantly changing from one form into the other, without becoming lost in this movement; it thus becomes transformed into an automatic subject. If we pin down the specific forms of appearance assumed in turn by self-valorizing value in the course of its life, we reach the following elucidation: capital is money, capital is commodities.[13] In truth, however, value is here the subject* of a process in which, while constantly assuming the form in turn of money and commodities, it changes its own magnitude, throws off surplus-value from itself considered as original value, and thus valorizes itself independently. For the movement in the course of which it adds surplus-value is its own movement, its valorization is therefore self-valorization [*Selbstverwertung*]. By virtue of being value, it has acquired the occult ability to add value to itself. It brings forth living offspring, or at least lays golden eggs.

As the dominant subject [*übergreifendes Subjekt*] of this process, in which it alternately assumes and loses the form of money and the form of commodities, but preserves and expands itself through all these changes, value requires above all an independent form by means of which its identity with itself may be asserted. Only in the shape of money does it possess this form. Money therefore forms the starting-point and the conclusion of every valorization process.

11. 'Things possess an infinite quality when moving in a circle which they lack when advancing in a straight line' (Galiani, op. cit., p. 156).

12. 'It is not the material which forms capital, but the value of that material' (J. B. Say, *Traité d'économie politique*, 3rd edn, Paris, 1817, Vol. 2, p. 429).

13. 'Currency (!) employed in producing articles . . . is capital' (Macleod, *The Theory and Practice of Banking*, London, 1855, Vol. 1, Ch. 1, p. 55). 'Capital is commodities' (James Mill, *Elements of Political Economy*, London, 1821, p. 74).

*i.e. the independently acting agent.

Chapter 6: The Sale and Purchase of Labour-Power

The change in value of the money which has to be transformed into capital cannot take place in the money itself, since in its function as means of purchase and payment it does no more than realize [*realisieren*] the price of the commodity it buys or pays for, while, when it sticks to its own peculiar form, it petrifies into a mass of value of constant magnitude.[1] Just as little can this change originate in the second act of circulation, the resale of the commodity, for this act merely converts the commodity from its natural form back into its money-form. The change must therefore take place in the commodity which is bought in the first act of circulation, M–C, but not in its value, for it is equivalents which are being exchanged, and the commodity is paid for at its full value. The change can therefore originate only in the actual use-value of the commodity, i.e. in its consumption. In order to extract value out of the consumption of a commodity, our friend the money-owner must be lucky enough to find within the sphere of circulation, on the market, a commodity whose use-value possesses the peculiar property of being a source of value, whose actual consumption is therefore itself an objectification [*Vergegenständlichung*] of labour, hence a creation of value. The possessor of money does find such a special commodity on the market: the capacity for labour [*Arbeitsvermögen*], in other words labour-power [*Arbeitskraft*].

We mean by labour-power, or labour-capacity, the aggregate of those mental and physical capabilities existing in the physical form, the living personality, of a human being, capabilities which he sets in motion whenever he produces a use-value of any kind.

But in order that the owner of money may find labour-power on the market as a commodity, various conditions must first be fulfilled. In and for itself, the exchange of commodities implies no other relations of dependence than those which result from its own nature. On this assumption, labour-power can appear on the market as a commodity only if, and in so far as, its possessor, the individual whose labour-power it is, offers it for sale or sells it as a commodity. In order that its possessor may sell it as a commodity, he must have it at his disposal, he must be the free proprietor of his own labour-capacity, hence of his person.[2] He and the owner of money meet in the market, and enter into relations with each other on a footing of equality as owners of commodities, with the sole difference that one is a buyer, the other a seller; both are therefore equal in the eyes of the law. For this relation to continue, the proprietor of labour-power must always sell it for a limited period only, for if he were to sell it in a lump, once and for all, he would be selling himself, converting himself from a free man into a slave, from an owner of a commodity into a commodity. He must constantly treat his labour-power as his own property, his own commodity, and he can do this only by placing it at the disposal of the buyer, i.e. handing it over to the buyer for him to consume, for a definite period of time, temporarily. In this way he manages both to alienate [*veräussern*] his labour-power and to avoid renouncing his rights of ownership over it.[3]

1. 'In the form of money. . . capital is productive of no profit' (Ricardo, *Principles of Political Economy*, p. 267).

2. In ency lopedias of classical antiquity one can read such nonsense as this: In the ancient world capital was fully developed, 'except for the absence of the free worker* and of a system of credit'. Mommsen too, in his *History of Rome*, commits one blunder after another in this respect.

3. Hence legislation in various countries fixes a maximum length for labour contracts. Wherever free labour is the rule, the law regulates the conditions for terminating this contract. In some states, particularly in Mexico (and before the American Civil War in the territories taken by the United States from Mexico, as also in practice in the Danubian Principalities until Cuza's *coup d'état*†), slavery is hidden under the form of peonage. By means of advances

*Just as the word '*Arbeit*' can be rendered both as 'work' and as 'labour', so also the word '*Arbeiter*' can be rendered as 'worker' and as 'labourer'. We prefer 'worker' to 'labourer' in general, although in the case of 'agricultural labourer' we have made an exception. This is because the word 'labourer' has an old-fashioned and indeed a somewhat bourgeois flavour.

†Prince Alexander Cuza, Hospodar of the Danubian Principalities (Romania) from 1859 to 1866, in April 1864 proposed a land reform which was rejected by the Assembly, dominated as that was by the magnates. In May 1864 he dissolved the Assembly and issued a new Constitutional Statute, endorsed by a popular plebiscite. This allowed him to impose the Agrarian Law of August 1864 on the country. By this law, all feudal dues and tithes were swept away (with generous compensation of course) and the serfs were legally enfranchised.

The second essential condition which allows the owner of money to find labour-power in the market as a commodity is this, that the possessor of labour-power, instead of being able to sell commodities in which his labour has been objectified, must rather be compelled to offer for sale as a commodity that very labour-power which exists only in his living body.

In order that a man may be able to sell commodities other than his labour-power, he must of course possess means of production, such as raw materials, instruments of labour, etc. No boots can be made without leather. He requires also the means of subsistence. Nobody – not even a practitioner of *Zukunftsmusik** – can live on the products of the future, or on use-values whose production has not yet been completed; just as on the first day of his appearance on the world's stage, man must still consume every day, before and while he produces. If products are produced as commodities, they must be sold after they have been produced, and they can only satisfy the producer's needs after they have been sold. The time necessary for sale must be counted as well as the time of production.

For the transformation of money into capital, therefore, the owner of money must find the free worker available on the commodity-market; and this worker must be free in the double sense that as a free individual he can dispose of his labour-power as his own commodity, and that, on the other hand, he has no other commodity for sale, i.e. he is rid of them, he is free of all the

repayable in labour, which are handed down from generation to generation, not only the individual worker, but also his family, become in fact the property of other persons and their families. Juarez abolished peonage, but the so-called Emperor Maximilian re-established it by a decree which was aptly denounced in the House of Representatives in Washington as a decree for the re-introduction of slavery into Mexico. 'Single products of my particular physical and mental skill and of my power to act I can alienate to someone else and I can give him the use of my abilities for a restricted period, because, on the strength of this restriction, my abilities acquire an external relation to the totality and universality of my being. By alienating the whole of my time, as crystallized in my work, and everything I produced, I would be making into another's property the substance of my being, my universal activity and actuality, my personality' (Hegel, *Philosophie des Rechts*, Berlin, 1840, p. 104, para. 67) [English translation, p. 54].

*'Music of the future', in other words castles in the air, or dreams which may or may not be realized.

objects needed for the realization [*Verwirklichung*] of his labour-power.

Why this free worker confronts him in the sphere of circulation is a question which does not interest the owner of money, for he finds the labour-market in existence as a particular branch of the commodity-market. And for the present it interests us just as little. We confine ourselves to the fact theoretically, as he does practically. One thing, however, is clear: nature does not produce on the one hand owners of money or commodities, and on the other hand men possessing nothing but their own labour-power. This relation has no basis in natural history, nor does it have a social basis common to all periods of human history. It is clearly the result of a past historical development, the product of many economic revolutions, of the extinction of a whole series of older formations of social production.

The economic categories already discussed similarly bear a historical imprint. Definite historical conditions are involved in the existence of the product as a commodity. In order to become a commodity, the product must cease to be produced as the immediate means of subsistence of the producer himself. Had we gone further, and inquired under what circumstances all, or even the majority of products take the form of commodities, we should have found that this only happens on the basis of one particular mode of production, the capitalist one. Such an investigation, however, would have been foreign to the analysis of commodities. The production and circulation of commodities can still take place even though the great mass of the objects produced are intended for the immediate requirements of their producers, and are not turned into commodities, so that the process of social production is as yet by no means dominated in its length and breadth by exchange-value. The appearance of products as commodities requires a level of development of the division of labour within society such that the separation of use-value from exchange-value, a separation which first begins with barter, has already been completed. But such a degree of development is common to many economic formations of society [*ökonomische Gesellschaftsformationen*], with the most diverse historical characteristics.

If we go on to consider money, its existence implies that a definite stage in the development of commodity exchange has been reached. The various forms of money (money as the mere equivalent of commodities, money as means of circulation, money

as means of payment, money as hoard, or money as world currency) indicate very different levels of the process of social production, according to the extent and relative preponderance of one function or the other. Yet we know by experience that a relatively feeble development of commodity circulation suffices for the creation of all these forms. It is otherwise with capital. The historical conditions of its existence are by no means given with the mere circulation of money and commodities. It arises only when the owner of the means of production and subsistence finds the free worker available, on the market, as the seller of his own labour-power. And this one historical pre-condition comprises a world's history. Capital, therefore, announces from the outset a new epoch in the process of social production.[4]

This peculiar commodity, labour-power, must now be examined more closely. Like all other commodities it has a value.[5] How is that value determined?

The value of labour-power is determined, as in the case of every other commodity, by the labour-time necessary for the production, and consequently also the reproduction, of this specific article. In so far as it has value, it represents no more than a definite quantity of the average social labour objectified in it. Labour-power exists only as a capacity of the living individual. Its production consequently presupposes his existence. Given the existence of the individual, the production of labour-power consists in his reproduction of himself or his maintenance. For his maintenance he requires a certain quantity of the means of subsistence. Therefore the labour-time necessary for the production of labour-power is the same as that necessary for the production of those means of subsistence; in other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of its owner. However, labour-power becomes a reality only by being expressed; it is activated only through labour. But in the course of this activity, i.e. labour, a definite quantity of human muscle, nerve, brain, etc. is expended, and these things have to be re-

4. The capitalist epoch is therefore characterized by the fact that labour-power, in the eyes of the worker himself, takes on the form of a commodity which is his property; his labour consequently takes on the form of wage-abour. On the other hand, it is only from this moment that the commodity-form of the products of labour becomes universal.

5. 'The value or worth of a man, is as of all other things his price – that is to say, so much as would be given for the use of his power' (T. Hobbes, *Leviathan*, in *Works*, ed. Molesworth, London, 1839–44, Vol. 3, p. 76).

placed. Since more is expended, more must be received.[6] If the owner of labour-power works today, tomorrow he must again be able to repeat the same process in the same conditions as regards health and strength. His means of subsistence must therefore be sufficient to maintain him in his normal state as a working individual. His natural needs, such as food, clothing, fuel and housing vary according to the climatic and other physical peculiarities of his country. On the other hand, the number and extent of his so-called necessary requirements, as also the manner in which they are satisfied, are themselves products of history, and depend therefore to a great extent on the level of civilization attained by a country; in particular they depend on the conditions in which, and consequently on the habits and expectations with which, the class of free workers has been formed.[7] In contrast, therefore, with the case of other commodities, the determination of the value of labour-power contains a historical and moral element. Nevertheless, in a given country at a given period, the average amount of the means of subsistence necessary for the worker is a known *datum*.

The owner of labour-power is mortal. If then his appearance in the market is to be continuous, and the continuous transformation of money into capital assumes this, the seller of labour-power must perpetuate himself 'in the way that every living individual perpetuates himself, by procreation'.[8] The labour-power withdrawn from the market by wear and tear, and by death, must be continually replaced by, at the very least, an equal amount of fresh labour-power. Hence the sum of means of subsistence necessary for the production of labour-power must include the means necessary for the worker's replacements, i.e. his children, in order that this race of peculiar commodity-owners may perpetuate its presence on the market.[9]

In order to modify the general nature of the human organism in

6. In ancient Rome, therefore, the *villicus*, as the overseer of the agricultural slaves, received 'more meagre fare than working slaves, because his work was lighter' (T. Mommsen, *Römische Geschichte*, 1856, p. 810).

7. Cf. W. T. Thornton, *Over-Population and Its Remedy*, London, 1846.

8. Petty.

9. 'Its' (labour's) 'natural price ... consists in such a quantity of necessaries and comforts of life, as, from the nature of the climate, and the habits of the country, are necessary to support the labourer, and to enable him to rear such a family as may preserve, in the market, an undiminished supply of labour' (R. Torrens, *An Essay on the External Corn Trade*, London, 1815, p. 62). The word labour is here wrongly used for labour-power.

such a way that it acquires skill and dexterity in a given branch of industry, and becomes labour-power of a developed and specific kind, a special education or training is needed, and this in turn costs an equivalent in commodities of a greater or lesser amount. The costs of education vary according to the degree of complexity of the labour-power required. These expenses (exceedingly small in the case of ordinary labour-power) form a part of the total value spent in producing it.

The value of labour-power can be resolved into the value of a definite quantity of the means of subsistence. It therefore varies with the value of the means of subsistence, i.e. with the quantity of labour-time required to produce them.

Some of the means of subsistence, such as food and fuel, are consumed every day, and must therefore be replaced every day. Others, such as clothes and furniture, last for longer periods and need to be replaced only at longer intervals. Articles of one kind must be bought or paid for every day, others every week, others every quarter and so on. But in whatever way the sum total of these outlays may be spread over the year, they must be covered by the average income, taking one day with another. If the total of the commodities required every day for the production of labour-power $= A$, and of those required every week $= B$, and of those required every quarter $= C$, and so on, the daily average of these commodities $= \frac{365A + 52B + 4C + \dots}{365}$. Suppose that this mass of commodities required for the average day contains 6 hours of social labour, then every day half a day of average social labour is objectified in labour-power, or in other words half a day of labour is required for the daily production of labour-power. This quantity of labour forms the value of a day's labour-power, or the value of the labour-power reproduced every day. If half a day of average social labour is present in 3 shillings, then 3 shillings is the price corresponding to the value of a day's labour-power. If its owner therefore offers it for sale at 3 shillings a day, its selling price is equal to its value, and according to our original assumption the owner of money, who is intent on transforming his 3 shillings into capital, pays this value.

The ultimate or minimum limit of the value of labour-power is formed by the value of the commodities which have to be supplied every day to the bearer of labour-power, the man, so that he can renew his life-process. That is to say, the limit is formed by the

value of the physically indispensable means of subsistence. If the price of labour-power falls to this minimum, it falls below its value, since under such circumstances it can be maintained and developed only in a crippled state, and the value of every commodity is determined by the labour-time required to provide it in its normal quality.

It is an extraordinarily cheap kind of sentimentality which declares that this method of determining the value of labour-power, a method prescribed by the very nature of the case, is brutal, and which laments with Rossi in this matter: 'To conceive capacity for labour (*puissance de travail*) in abstraction from the workers' means of subsistence during the production process is to conceive a phantom (*être de raison*). When we speak of labour, or capacity for labour, we speak at the same time of the worker and his means of subsistence, of the worker and his wages.'[10] When we speak of capacity for labour, we do not speak of labour, any more than we speak of digestion when we speak of capacity for digestion. As is well known, the latter process requires something more than a good stomach. When we speak of capacity for labour, we do not abstract from the necessary means of subsistence. On the contrary, their value is expressed in its value. If his capacity for labour remains unsold, this is of no advantage to the worker. He will rather feel it to be a cruel nature-imposed necessity that his capacity for labour has required for its production a definite quantity of the means of subsistence, and will continue to require this for its reproduction. Then, like Sismondi, he will discover that 'the capacity for labour . . . is nothing unless it is sold'.[11]

One consequence of the peculiar nature of labour-power as a commodity is this, that it does not in reality pass straight away into the hands of the buyer on the conclusion of the contract between buyer and seller. Its value, like that of every other commodity, is already determined before it enters into circulation, for a definite quantity of social labour has been spent on the production of the labour-power. But its use-value consists in the subsequent exercise of that power. The alienation [*Veräusserung*] of labour-power and its real manifestation [*Äusserung*], i.e. the period of its existence as a use-value, do not coincide in time. But in those cases in which the formal alienation by sale of the use-value of a

10. Rossi, *Cours d'économie politique*, Brussels, 1842, pp. 370–71.
11. Sismondi, *Nouvelles Principes etc.*, Vol. 1, p. 113.

We now know the manner of determining the value paid by the owner of money to the owner of this peculiar commodity, labour-power. The use-value which the former gets in exchange manifests itself only in the actual utilization, in the process of the consumption of the labour-power. The money-owner buys everything necessary for this process, such as raw material, in the market, and pays the full price for it. The process of the consumption of labour-power is at the same time the production process of commodities and of surplus-value. The consumption of labour-power is completed, as in the case of every other commodity, outside the market or the sphere of circulation. Let us therefore, in company with the owner of money and the owner of labour-power, leave this noisy sphere, where everything takes place on the surface and in full view of everyone, and follow them into the hidden abode of production,

Only in the sphere of production can surplus value be generated

on whose threshold there hangs the notice 'No admittance except on business'. Here we shall see, not only how capital produces, but how capital is itself produced. The secret of profit-making must at last be laid bare.

The sphere of circulation or commodity exchange, within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. It is the exclusive realm of Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, let us say of labour-power, are determined only by their own free will. They contract as free persons, who are equal before the law. Their contract is the final result in which their joint will finds a common legal expression. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to his own advantage. The only force bringing them together, and putting them into relation with each other, is the selfishness, the gain and the private interest of each. Each pays heed to himself only, and no one worries about the others. And precisely for that reason, either in accordance with the pre-established harmony of things, or under the auspices of an omniscient providence, they all work together to their mutual advantage, for the common weal, and in the common interest.

When we leave this sphere of simple circulation or the exchange of commodities, which provides the 'free-trader *vulgaris*' with his views, his concepts and the standard by which he judges the society of capital and wage-labour, a certain change takes place, or so it appears, in the physiognomy of our *dramatis personae*. He who was previously the money-owner now strides out in front as a capitalist; the possessor of labour-power follows as his worker. The one smirks self-importantly and is intent on business; the other is timid and holds back, like someone who has brought his own hide to market and now has nothing else to expect but – a tanning.

Chapter 8: Constant Capital and Variable Capital

The various factors of the labour process play different parts in forming the value of the product.

The worker adds fresh value to the material of his labour by expending on it a given amount of additional labour, no matter what the specific content, purpose and technical character of that labour may be. On the other hand, the values of the means of production used up in the process are preserved, and present themselves afresh as constituent parts of the value of the product; the values of the cotton and the spindle, for instance, re-appear again in the value of the yarn. The value of the means of production is therefore preserved by being transferred to the product. This transfer takes place during the conversion of those means into a product, in other words during the labour process. It is mediated through labour. But how is this done?

The worker does not perform two pieces of work simultaneously, one in order to add value to the cotton, the other in order to preserve the value of the means of production, or, what amounts to the same thing, to transfer to the yarn, as product, the value of the cotton on which he works, and part of the value of the spindle with which he works. But by the very act of adding new value he preserves their former values. Since however the addition of new value to the material of his labour, and the preservation of its former value, are two entirely distinct results, it is plain that this twofold nature of the result can be explained only by the twofold nature of his labour; it must at the same time create value through one of its properties and preserve or transfer value through another.

Now how does every worker add fresh labour-time and therefore fresh value? Evidently, only by working productively in a particular way. The spinner adds labour-time by spinning, the weaver by weaving, the smith by forging. But although these operations add labour as such, and therefore new values, it is only

Karl Marx (1818-1883)

Chapter 9: The Rate of Surplus-Value

I. THE DEGREE OF EXPLOITATION OF LABOUR-POWER

The surplus-value generated in the production process by C, the capital advanced, i.e. the valorization of the value of the capital C, presents itself to us first as the amount by which the value of the product exceeds the value of its constituent elements.

The capital C is made up of two components, one the sum of money c laid out on means of production, and the other the sum of money v expended on labour-power; c represents the portion of value which has been turned into constant capital, v that turned into variable capital. At the beginning, then, $C = c + v$: for example, if £500 is the capital advanced, its components may be such that the £500 = £410 constant + £90 variable. When the process of production is finished, we get a commodity whose value $= (c + v) + s$, where s is the surplus-value; or, taking our former figures, the value of this commodity is (£410 constant + £90 variable) + £90 surplus. The original capital has now changed from C to C', from £500 to £590. The difference is s, or a surplus-value of £90. Since the value of the constituent elements of the product is equal to the value of the capital advanced, it is a mere tautology to say that the excess of the value of the product over the value of its constituent elements is equal to the valorization of the value of the capital advanced, or to the surplus-value produced.

Since, on the one hand, the variable capital and the labour-power purchased by that capital are equal in value, and the value of this labour-power determines the necessary part of the working day; and since, on the other hand, the surplus-value is determined by the surplus part of the working day, it follows that surplus-value is in the same ratio to variable capital as surplus labour is to necessary labour. In other words, the rate of surplus value, $\frac{s}{v} = \frac{\text{surplus labour}}{\text{necessary labour}}$. Both ratios, $\frac{s}{v}$ and $\frac{\text{surplus labour}}{\text{necessary labour}}$, express the same thing in different ways; in the one case in the form of objectified labour, in the other in the form of living, fluid labour.

The rate of surplus-value is therefore an exact expression for the degree of exploitation of labour-power by capital, or of the worker by the capitalist.[7]

$c+v=>(c+v)+s$

s/v=surplus value/variable capital= surplus labour/necessary labour

5. THE STRUGGLE FOR A NORMAL WORKING DAY. LAWS FOR THE COMPULSORY EXTENSION OF THE WORKING DAY, FROM THE MIDDLE OF THE FOURTEENTH TO THE END OF THE SEVENTEENTH CENTURY

'What is a working day? What is the length of time during which capital may consume the labour-power whose daily value it has paid for? How far may the working day be extended beyond the amount of labour-time necessary for the reproduction of labour-power itself?' We have seen that capital's reply to these questions is this: the working day contains the full 24 hours, with the deduction of the few hours of rest without which labour-power is absolutely incapable of renewing its services. Hence it is self-evident that the worker is nothing other than labour-power for the duration of his whole life, and that therefore all his disposable time is by nature and by right labour-time, to be devoted to the self-valorization of capital. Time for education, for intellectual development, for the fulfilment of social functions, for social intercourse, for the free play of the vital forces of his body and his mind, even the rest time of Sunday (and that in a country of Sabbatarians!)[72] – what foolishness! But in its blind and measureless drive, its insatiable appetite for surplus labour, capital oversteps not only the moral but even the merely physical limits of the working day. It usurps the time for growth, development and healthy maintenance of the body. It steals

if it is night, or by the noise, if it is day.' Mr White gives cases where a boy worked for 36 consecutive hours, and others where boys of 12 drudged on until 2 in the morning, and then slept in the works till 5 a.m. (3 hours!) only to resume their work. 'The amount of work,' say Tremenheere and Tufnell, who drafted the general report, 'done by boys, youths, girls, and women, in the course of their daily or nightly spell of labour, is certainly extraordinary' (ibid., pp. xliii and xliv). Meanwhile, late at night perhaps, Mr Glass-Capital, stuffed full with abstinence, and primed with port wine, reels home from his club, droning out idiotically 'Britons never, never shall be slaves!'

72. In England even now in rural districts a labourer is occasionally condemned to imprisonment for desecrating the Sabbath by working in his front garden. The same man would be punished for breach of contract if he remained away from his metal, paper or glass works on Sunday, even on account of some religious foible. The orthodox Parliament will entertain no complaint of Sabbath-breaking if it occurs in the 'process of valorization' of capital. A petition of August 1863 in which the London day-labourers in fish and poultry shops asked for the abolition of Sunday labour states that their work lasts an average of 16 hours a day for the first 6 days of the week, 8 to 10 hours on Sunday. We also learn from this petition that the delicate gourmands among

the time required for the consumption of fresh air and sunlight. It haggles over the meal-times, where possible incorporating them into the production process itself, so that food is added to the worker as to a mere means of production, as coal is supplied to the boiler, and grease and oil to the machinery. It reduces the sound sleep needed for the restoration, renewal and refreshment of the vital forces to the exact amount of torpor essential to the revival of an absolutely exhausted organism. It is not the normal maintenance of labour-power which determines the limits of the working day here, but rather the greatest possible daily expenditure of labour-power, no matter how diseased, compulsory and painful it may be, which determines the limits of the workers' period of rest. Capital asks no questions about the length of life of labour-power. What interests it is purely and simply the maximum of labour-power that can be set in motion in a working day. It attains this objective by shortening the life of labour-power, in the same way as a greedy farmer snatches more produce from the soil by robbing it of its fertility.

By extending the working day, therefore, capitalist production, which is essentially the production of surplus-value, the absorption of surplus labour, not only produces a deterioration of human labour-power by robbing it of its normal moral and physical conditions of development and activity, but also produces the premature exhaustion and death of this labour-power itself.[73] It

the aristocratic hypocrites of Exeter Hall* particularly encourage this 'Sunday labour'. These 'saints', so zealous *in cute curanda*,† show they are Christians by the humility with which they bear the over-work, the deprivation and the hunger of others. *Obsequium ventris istis* (the workers') *perniciosius est.*‡

73. 'We have given in our previous reports the statements of several experienced manufacturers to the effect that over-hours . . . certainly tend prematurely to exhaust the working power of the men' (op. cit., 64, p. xiii).

*A large hall on the north side of the Strand, built in 1831, and pulled down in 1907. It was used throughout its existence for meetings by religious bodies of various kinds, but especially by the Church Missionary Society. 'Exeter Hall' was in Marx's time a shorthand expression for that tendency among the English ruling classes which stood for the extension of English power in Africa with the aim of converting the 'natives' to Christianity, and at the same time stamping out the slave trade. It is associated with the name of Wilberforce.

†'In attending to their bodily pleasures' (Horace, *Epistles*, 1, 2, 29).

‡Horace's actual words were: '*obsequium ventris mihi perniciosius est cur*?' ('why is gluttony more ruinous to my stomach?'). Hence, here, 'gluttony is more ruinous to their (the workers') stomachs'. (Horace, *Satires*, Bk II, Satire 7, line 104.)

I. A GROWING DEMAND FOR LABOUR-POWER ACCOMPANIES ACCUMULATION IF THE COMPOSITION OF CAPITAL REMAINS THE SAME

In this chapter we shall consider the influence of the growth of capital on the fate of the working class. The most important factor in this investigation is the composition of capital, and the changes it undergoes in the course of the process of accumulation.

The composition of capital is to be understood in a twofold sense. As value, it is determined by the proportion in which it is divided into constant capital, or the value of the means of production, and variable capital, or the value of labour-power, the sum total of wages. As material, as it functions in the process of production, all capital is divided into means of production and living labour-power. This latter composition is determined by the relation between the mass of the means of production employed on the one hand, and the mass of labour necessary for their employment on the other. I call the former the value-composition, the latter the technical composition of capital. There is a close correlation between the two. To express this, I call the value-composition of capital, in so far as it is determined by its technical composition and mirrors the changes in the latter, the organic composition of capital. Wherever I refer to the composition of capital, without further qualification, its organic composition is always understood.

The many individual capitals invested in a particular branch of production have compositions which differ from each other to a greater or lesser extent. The average of their individual compositions gives us the composition of the total capital in the branch of production under consideration. Finally, the average of all the average compositions in all branches of production gives us the

Constant capital (c): all tools, machinery, buildings, raw materials, non-human means of production. They contribute to the value of the finished product the value they contain.
Variable capital (v) is the labour power purchased by the capitalist.
Capital (C) = constant capital (c) + variable capital (v)
$C=c+v \rightarrow C'=c+v+s$
Surplus value (s): the difference between labour and labour power

c/v = **organic composition of capital**

Karl Marx (1818-1883)

Necessary work, surplus labour and the creation and exploitation of surplus value

The part of the working day in which labour power is produced is necessary labour. The remaining part of the working day is surplus labour.

M-C...P...C'-M

KARL MARX

Capital

A Critique of
Political Economy

Volume Two

Introduced by
Ernest Mandel

Translated by
David Fernbach

Penguin Books
in association with New Left Review

Chapter 1: The Circuit of Money Capital

The circuit of capital comprises three stages. As we have depicted them in Volume 1, these form the following series:

First stage: The capitalist appears on the commodity and labour markets as a buyer; his money is transformed into commodities, it goes through the act of circulation *M–C*.

Second stage: Productive consumption by the capitalist of the commodities purchased. He functions as capitalist producer of commodities; his capital passes through the production process. The result: commodities of greater value than their elements of production.

Third stage: The capitalist returns to the market as a seller; his commodities are transformed into money, they pass through the act of circulation *C–M*.

Thus the formula for the circuit of money capital is

$$M–C\ldots P\ldots C'–M'.$$

The dots indicate that the circulation process is interrupted, while C' and M' denote an increase in C and M as the result of surplus-value.

In Volume 1, the first and third stages were discussed only in so far as this was necessary for the understanding of the second stage, the capitalist production process. Thus the different forms with which capital clothes itself in its different stages, alternately assuming them and casting them aside, remained uninvestigated. These will now be the immediate object of our inquiry.

In order to grasp these forms in their pure state, we must first of all abstract from all aspects that have nothing to do with the change and constitution of the forms as such. We shall therefore assume here, both that commodities are sold at their values, and that the circumstances in which this takes place do not change. We shall also ignore any changes of value that may occur in the course of the cyclical process.[1]

1. This introductory section is taken from Manuscript II.

Capital Vol. 2

Reproduction schemes

Sector 1: Capital goods
Sector 2: Consumption goods

Simple reproduction

$$c_1 + v_1 + s_1 = C$$
$$c_2 + v_2 + s_2 = V.$$

$$C = c_1 + c_2$$
$$V = v_1 + v_2 + s_1 + s_2.$$

$$c_2 = v_1 + s_1.$$

Capital Vol. 2

Extended reproduction

$$C = c_1 + c_2 + q(s_1 + s_2)$$

$$V = v_1 + v_2 + (1 - q)(s_1 + s_2).$$

Karl Marx (1818-1883)

The reproduction schemes show that crisis-free growth is possible, but not likely.

Marx believed

- in the theory of overproduction
- in the disproportionality of the sectors of production and
- in the role of the reserve army of labour in creating crises

Capital Vol. 3

KARL MARX

Capital

A Critique of
Political Economy

Volume Three

Introduced by
Ernest Mandel

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Part Three

The Law of the Tendential Fall in the Rate of Profit

Capital Vol. 3

Transformation problem: labour values to prices of production

$$r = \frac{s}{c+v} = \frac{\frac{s}{v}}{\frac{c}{v}+1}$$

If the profit rate is uniform and the degree of exploitation is the same across branches this would mean that the organic composition of capital would be the same.

Chapter 9: Formation of a General Rate of Profit (Average Rate of Profit), and Transformation of Commodity Values into Prices of Production

The same rate of surplus-value, therefore, and an unchanged level of exploitation of labour, is expressed in a falling rate of profit, as the value of the constant capital and hence the total capital grows with the constant capital's material volume.

If we further assume now that this gradual change in the composition of capital does not just characterize certain individual

spheres of production, but occurs in more or less all spheres, or at least the decisive ones, and that it therefore involves changes in the average organic composition of the total capital belonging to a given society, then this gradual growth in the constant capital, in relation to the variable, must necessarily result in a *gradual fall in the general rate of profit*, given that the rate of surplus-value, or the level of exploitation of labour by capital, remains the same. Moreover, it has been shown to be a law of the capitalist mode of production that its development does in fact involve a relative decline in the relation of variable capital to constant, and hence also to the total capital set in motion.* This simply means that the same number of workers or the same quantity of labour-power that is made available by a variable capital of a given value, as a result of the specific methods of production that develop within capitalist production, sets in motion, works up, and productively consumes, within the same period, an ever-growing mass of means of labour, machinery and fixed capital of all kinds, and raw and ancillary materials – in other words, the same number of workers operate with a constant capital of ever-growing scale. This progressive decline in the variable capital in relation to the constant capital, and hence in relation to the total capital as well, is identical with the progressively rising organic composition, on average, of the social capital as a whole. It is just another expression for the progressive development of the social productivity of labour, which is shown by the way that the growing use of machinery and fixed capital generally enables more raw and ancillary materials to be transformed into products in the same time by the same number of workers, i.e. with less labour. There corresponds to this growing volume of constant capital – although this expresses only at a certain remove the growth in the actual mass of use-values which the constant capital consists of in material terms – a continual cheapening of the product. Each individual product, taken by itself, contains a smaller sum of labour than at a lower stage of development of production, where the capital laid out on labour stands in a far higher ratio to that laid out on means of production. The hypothetical series we constructed at the opening of this chapter therefore expresses the actual tendency of capitalist production. With the progressive decline in the variable capital in relation to the constant capital, this tendency leads to a rising organic composition of the total capital, and the direct result of

* See Volume 1, Chapter 25, 2, pp. 772–81.

Capital Vol. 3

The Law of the Tendential Fall in the Rate of Profit

$$r \downarrow = \frac{s}{c+v} = \frac{\frac{s}{v}}{\uparrow \frac{c}{v} + 1}$$

Chapter 14: Counteracting Factors

1. MORE INTENSE EXPLOITATION OF LABOUR
2. REDUCTION OF WAGES BELOW THEIR VALUE
3. CHEAPENING OF THE ELEMENTS OF CONSTANT CAPITAL
4. THE RELATIVE SURPLUS POPULATION
5. FOREIGN TRADE
6. THE INCREASE IN SHARE CAPITAL

Karl Marx (1818-1883)

Concentration of capital

1.Competition between capitals displaces the small firms

2.Competition pushes firms to increase productivity and ever greater mechanisation and hence scale of production

Concentration and centralization of capital

End of Lecture

MPhil (Econ.) & MSc (Political Economy)

Dept. of Economics

National and Kapodistrian University of Athens

Lecture 8: The origins of neoclassical economics and the "marginalist revolution"

Nicholas J. Theocharakis

Objectives of the lecture

- Analyze the theories that led to the "marginalist revolution"
  - Analyze the theories of Jeremy Bentham
  - State the main theories of the precursors of the "marginalist revolution", in particular, von Thünen, Cournot, Dupuit and Gossen
- Explain what the "marginalist revolution" was and analyse the contribution of Jevons, Menger and Walras

Contents

- Jeremy Bentham
- The precursors of the Marginalist Revolution
  - J.H. von Thünen
  - A. Cournot
  - J. Dupuit
  - H.H. Gossen
- The Marginalist Revolution
  - W.S. Jevons
  - C. Menger
  - L. Walras

Jeremy Bentham (1748-1832)

Studio of Thomas Frye
oil on canvas, 1760, NPG

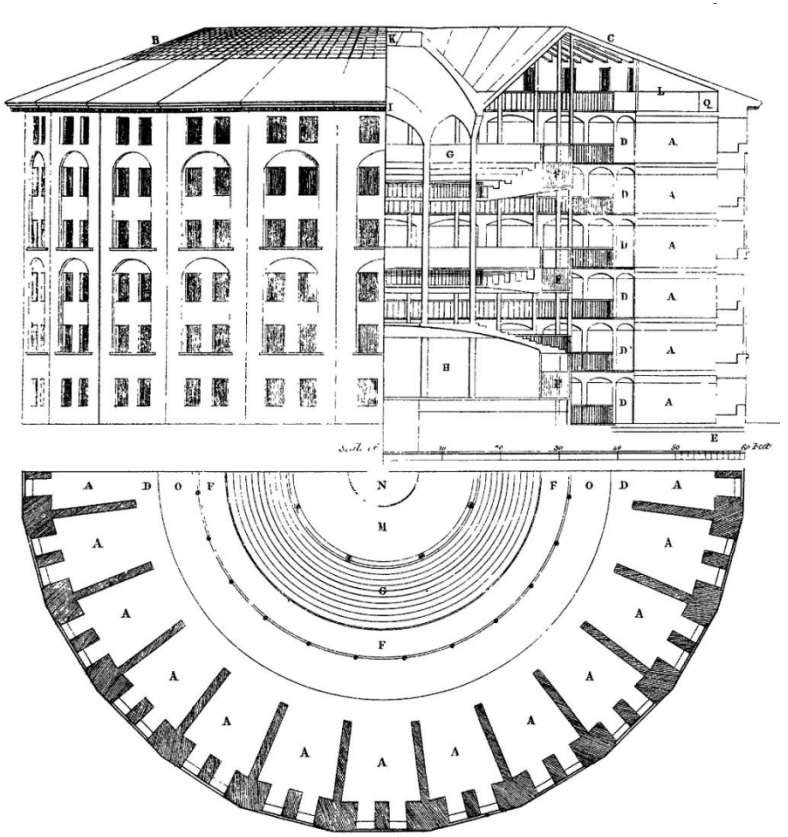
by Henry William Pickersgill
oil on canvas, exhibited 1829,
NPG

Jeremy Bentham (1748-1832)

My body I give to my dear friend Doctor Southwood Smith to be disposed of in a manner hereinafter mentioned, and I direct … he will take my body under his charge and take the requisite and appropriate measures for the disposal and preservation of the several parts of my bodily frame in the manner expressed in the paper annexed to this my will and at the top of which I have written Auto Icon. The skeleton he will cause to be put together in such a manner as that the whole figure may be seated in a chair usually occupied by me when living, in the attitude in which I am sitting when engaged in thought in the course of time employed in writing. I direct that the body thus prepared shall be transferred to my executor. He will cause the skeleton to be clad in one of the suits of black occasionally worn by me. The body so clothed, together with the chair and the staff in the my later years bourne by me, he will take charge of and for containing the whole apparatus he will cause to be prepared an appropriate box or case and will cause to be engraved in conspicuous characters on a plate to be affixed thereon and also on the labels on the glass cases in which the preparations of the soft parts of my body shall be contained

https://www.ucl.ac.uk/bentham-project/who-was-jeremy-bentham/auto-icon/extract-benthams-will

Jeremy Bentham (1748-1832)



Panopticon

PANOPTICON;

OR,

THE INSPECTION-HOUSE:

CONTAINING

The IDEA of a NEW PRINCIPLE of CONSTRUCTION applicable to any Sort of ESTABLISHMENT, in which Perſons of any Deſcription are to be kept under INSPECTION:

AND IN PARTICULAR TO

PENITENTIARY-HOUSES,

PRISONS, HOUSES OF INDUSTRY, WORK-HOUSES, POOR-HOUSES, MANUFACTORIES, MAD-HOUSES, LAZARETTOS, HOSPITALS, AND SCHOOLS:

WITH

A PLAN OF MANAGEMENT

Adapted to the Principle:

IN A SERIES OF LETTERS,

Written in the Year 1787, from Crecheff in White Ruſſia, to a Friend in England.

By JEREMY BENTHAM,

OF LINCOLN'S INN, ESQUIRE.

DUBLIN, PRINTED:

LONDON, reprinted; and ſold by T. PAYNE, at the Mews-Gate.

1791.

Jeremy Bentham (1748-1832)

LETTER II.

Plan for a Penitentiary Inſpection-Houſe.

BEFORE you look at the plan, take in words the general idea of it.

The building is circular.

The apartments of the priſoners occupy the circumference. You may call them, if you pleaſe, the *Cells*.

Theſe *Cells* are divided from one another, and the priſoners by that means ſecluded from all communication with each other, by *partitions* in the form of *radii* iſſuing from the circumference towards the center, and extending as many feet as ſhall be thought neceſſary to form the largeſt dimenſion of the Cell.

The apartment of the Inſpector occupies the center; you may call it if you pleaſe the *Inſpector's Lodge*.

It will be convenient in moſt, if not in all caſes, to have a vacant ſpace or *area* all round, between

ſuch center and ſuch circumference. You may call it if you pleaſe the *Intermediate* or *Annular* Area.

About the width of a Cell may be ſufficient for a *paſſage* from the outſide of the building to the Lodge.

Each Cell has in the outward circumference, a *window*, large enough, not only to light the Cell, but, through the Cell, to afford light enough to the correſpondent part of the Lodge.

The inner circumference of the Cell is formed by an iron *grating*, ſo light as not to ſcreen any part of the Cell from the Inſpector's view.

Of this grating a part ſufficiently large opens, in form of a *door*, to admit the priſoner at his firſt entrance; and to give admiſſion at any time to the Inſpector or any of his attendants.

To cut off from each priſoner the view of every other, the partitions are carried on a few feet beyond the grating into the Intermediate Area; ſuch projecting parts I call the *Protracted Partitions*.

It is conceived, that the light, coming in, in this manner through the Cells, and ſo acroſs the Intermediate Area, will be ſufficient for the Inſpector's Lodge. But, for this purpoſe, both the windows

Jeremy Bentham (1748-1832)

A

FRAGMENT

ON

GOVERNMENT;

BEING

An EXAMINATION of what is delivered,

On the Subject of GOVERNMENT in General;

In the INTRODUCTION to

Sir *William Blackſtone*'s COMMENTARIES:

WITH A

PREFACE,

IN WHICH IS GIVEN

A CRITIQUE ON THE WORK AT LARGE.

Rien ne recule plus le progrès des connoiſſances, qu'un mauvais ouvrage d'un Auteur célèbre: parce qu'avant d'inſtruire, il faut commencer par détromper.

MONTESQUIEU Eſprit des Loix, L. XXX. Ch. XV.

LONDON:

Printed for T. PAYNE, at the Mews-Gate; P. ELMSLY, oppoſite Southampton-Street in the Strand; and E. BROOKE, in Bell-Yard, Temple-Bar.

M.DCC.LXXVI.

Motives of the preſent undertaking.

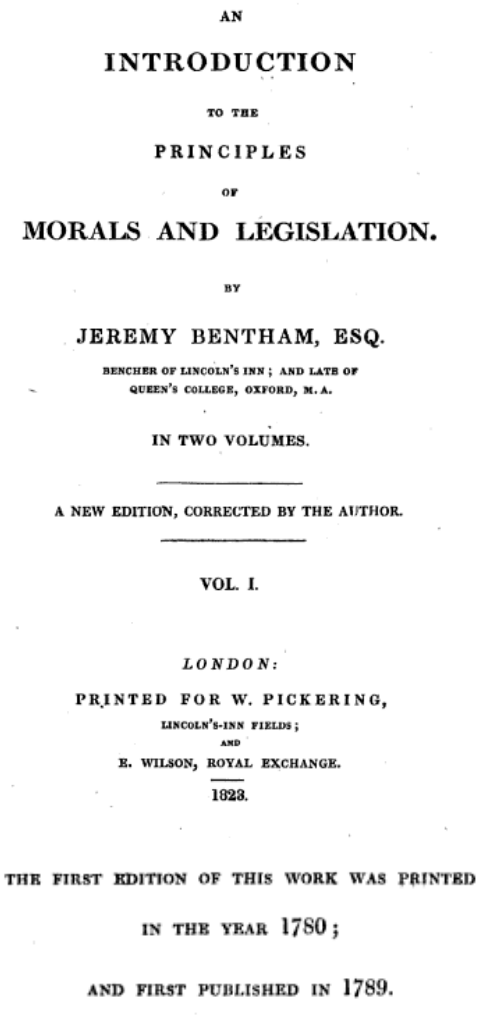
pable of bearing the name of diſcoveries: with ſo little method and preciſion have the conſequences of this fundamental axiom, *it is the greateſt happineſs of the greateſt number that is the meaſure of right and wrong*, been as yet developped.

XLVIII. But the principle of UTILITY is all-ſufficient.

XLVIII.

Now this *other* principle that ſtill recurs upon us, what other can it be than the *principle of* UTILITY? The principle which furniſhes us with that *reaſon*, which alone depends not upon any higher reaſon, but which is itſelf the ſole and all-ſufficient reaſon for every point of practice whatſoever.

Jeremy Bentham (1748-1832)



AN

INTRODUCTION

TO THE

PRINCIPLES

OF

MORALS AND LEGISLATION.

BY

JEREMY BENTHAM, ESQ.

BENCHER OF LINCOLN'S INN; AND LATE OF QUEEN'S COLLEGE, OXFORD, M.A.

IN TWO VOLUMES.

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AND

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1823.

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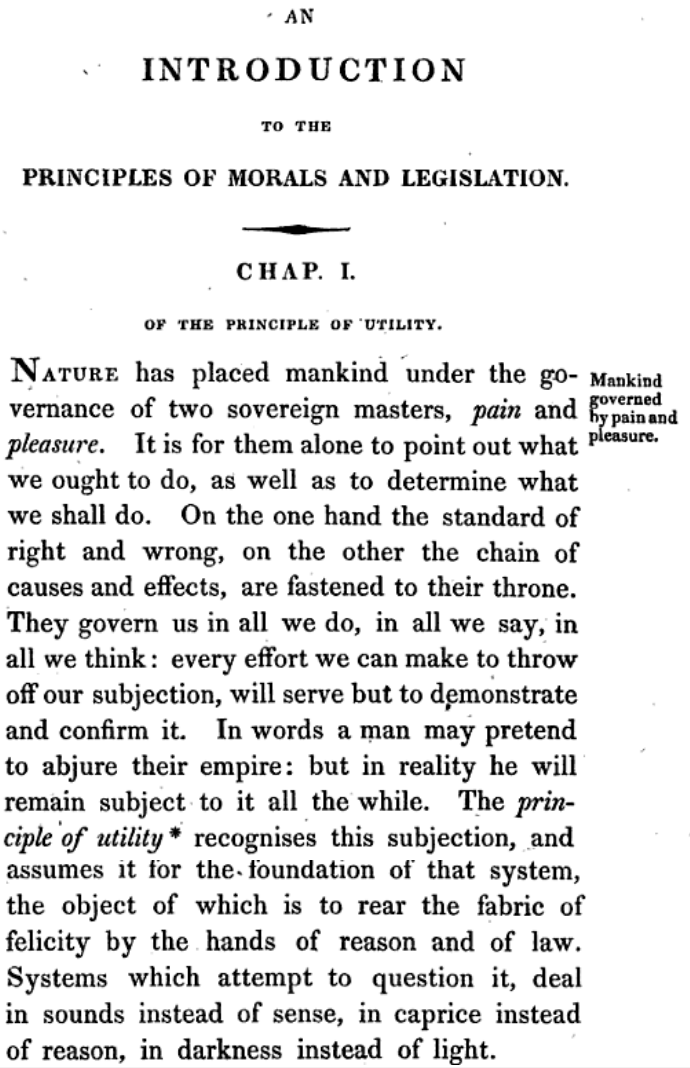
IN THE YEAR 1780;

AND FIRST PUBLISHED IN 1789.

Utilitarianism
Consequentialism



AN

INTRODUCTION

TO THE

PRINCIPLES OF MORALS AND LEGISLATION.

CHAP. I.

OF THE PRINCIPLE OF UTILITY.

Mankind governed by pain and pleasure.

NATURE has placed mankind under the governance of two sovereign masters, *pain* and *pleasure*. It is for them alone to point out what we ought to do, as well as to determine what we shall do. On the one hand the standard of right and wrong, on the other the chain of causes and effects, are fastened to their throne. They govern us in all we do, in all we say, in all we think: every effort we can make to throw off our subjection, will serve but to demonstrate and confirm it. In words a man may pretend to abjure their empire: but in reality he will remain subject to it all the while. The *principle of utility** recognises this subjection, and assumes it for the foundation of that system, the object of which is to rear the fabric of felicity by the hands of reason and of law. Systems which attempt to question it, deal in sounds instead of sense, in caprice instead of reason, in darkness instead of light.

Jeremy Bentham (1748-1832)

It is in vain to talk of the interest of the community, without understanding what is the interest of the individual.* A thing is said to promote the interest, or to be *for* the interest, of an individual, when it tends to add to the sum total of his pleasures: or, what comes to the same thing, to diminish the sum total of his pains.

To a *number* of persons, with reference to each of whom the value of a pleasure or a pain is considered, it will be greater or less, according to seven circumstances: to wit, the six preceding ones; *viz.*

1. Its *intensity.*
2. Its *duration.*
3. Its *certainty* or *uncertainty.*
4. Its *propinquity* or *remoteness.*
5. Its *fecundity.*
6. Its *purity.*

And one other; to wit:

7. Its *extent;* that is, the number of persons to whom it *extends;* or (in other words) who are affected by it.

Johann Heinrich von Thünen (1783-1850)

Johann Heinrich von Thünen (1783-1850)

von Thünen's farm at Tellow, Mecklenburg

Johann Heinrich von Thünen (1783-1850)

Der isolirte Staat

in Beziehung auf

Landwirthschaft

und

Nationalökonomie,

oder

Untersuchungen

über den Einfluß,

den

die Getreidepreise, der Reichthum des Bodens und die Abgaben

auf den Ackerbau ausüben,

von

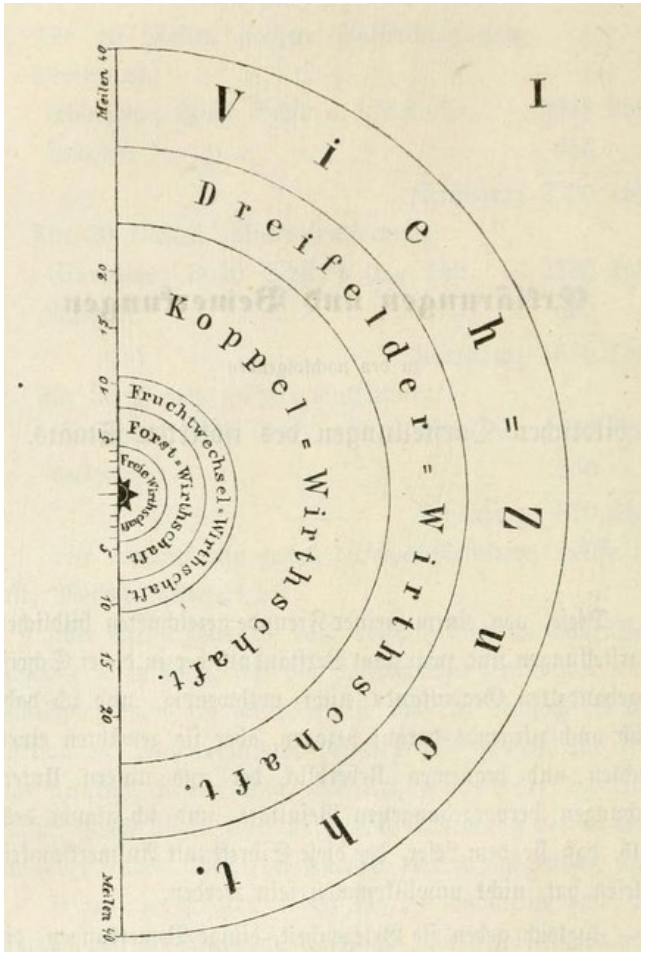
Johann Heinrich von Thünen

auf Tellow in Mecklenburg.

C. Arv Meysenbug.

Hamburg 1826,

bei Friedrich Perthes.



Johann Heinrich von Thünen (1783-1850)

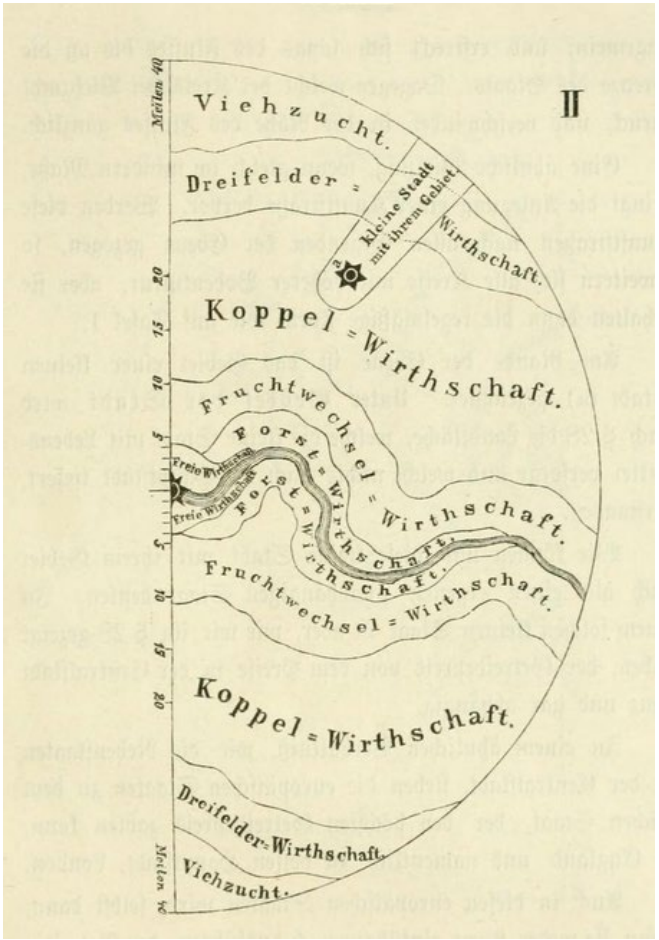


Figure of the Thünen Resource Cycles, made in the nineteen-twenties for school purposes. Source: Thünen museum, Tellow.

Johann Heinrich von Thünen (1783-1850)

Der isolirte Staat

in Beziehung auf

Landwirthschaft und Nationalökonomie.

Von

Johann Heinrich von Thünen.

Zweiter Theil.

Der naturgemäße Arbeitslohn und dessen Verhältniß zum Zinsfuß und zur Landrente.

§ 19.

Der Arbeitslohn ist gleich dem Mehrerzeugniß, was durch den, in einem großen Betrieb, zuletzt angestellten Arbeiter hervorgebracht wird.

Marginal product of labour
1850

Augustin Cournot (1801 –1877)

RECHERCHES

SUR LES

PRINCIPES MATHÉMATIQUES

DE LA

THÉORIE DES RICHESSES,

PAR AUGUSTIN COURNOT,

RECTEUR DE L'ACADÉMIE ET PROFESSEUR A LA FACULTÉ DES SCIENCES DE GRENOBLE.

BIBLIOTHEQUE ROYALE
I

Ἀνταμείβεσθαι πάντα ἀπάντων, ὥσπερ χρυσοῦ χρήματα καὶ χρημάτων χρυσός.

Plut. de ei ap. Delph. 8.

PARIS

CHEZ L. HACHETTE,

LIBRAIRE DE L'UNIVERSITÉ ROYALE DE FRANCE,

RUE PIERRE-SARRAZIN, N° 12.

1838

Augustin Cournot (1801 –1877)

RESEARCHES

INTO THE

MATHEMATICAL PRINCIPLES

OF THE

THEORY OF WEALTH

BY

AUGUSTIN COURNOT

1838

TRANSLATED BY NATHANIEL T. BACON
WITH AN ESSAY ON
COURNOT AND MATHEMATICAL ECONOMICS
AND A
BIBLIOGRAPHY OF MATHEMATICAL ECONOMICS
BY IRVING FISHER

New York

THE MACMILLAN COMPANY

1927

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Augustin Cournot (1801 –1877)

CHAPITRE IV.

De la loi du débit.

20. Pour asseoir les fondements de la théorie des valeurs échangeables, nous ne remonterons pas avec la plupart des écrivains spéculatifs jusqu'au berceau de l'espèce humaine ; nous n'entreprendrons d'expliquer ni l'origine de la propriété, ni celle de l'échange ou de la division du travail. Tout cela appartient sans doute à l'histoire de l'homme, mais n'est d'aucune influence sur une théorie qui ne peut devenir applicable qu'à une époque de civilisation très-avancée, à une époque où (pour parler le langage des géomètres) la part d'action des circonstances *initiales* est entièrement éteinte.

Nous n'invoquerons qu'un seul axiome, ou, si l'on veut, nous n'employerons qu'une seule hypothèse, savoir que chacun cherche à tirer de sa chose ou de son travail la plus grande valeur possible. Mais en déduisant les conséquences rationnelles de ce principe, nous essaierons de fixer mieux qu'on ne l'a fait les éléments, les données que l'observation seule peut fournir. Malheureusement, ce point fondamental est celui que les théoriciens se sont à peu près accordés à présenter, nous ne dirons pas d'une manière fausse, mais d'une manière qui n'offre réellement aucun sens.

CHAPITRE V.

Du monopole.

26. Supposons, pour la commodité du langage, qu'un homme se trouve propriétaire d'une source minérale, à laquelle on vient de reconnaître des propriétés salutaires qu'aucune autre ne possède. Il pourrait sans doute fixer à 100 francs le prix du *litre* de cette eau ; mais il s'apercevrait bien vite, à la rareté des demandes, que ce n'est pas le moyen de tirer grand parti de sa propriété. Il abaissera donc successivement le prix du litre jusqu'au terme qui lui donnera le plus grand profit possible ; c'est-à-dire que, si $F(p)$ désigne la loi de la demande, il finira, après divers tâtonnements, par adopter la valeur de p qui rend le produit $p\,F(p)$ un maximum, ou qui est déterminée par l'équation

$$(1) \qquad F(p)+p\,F'(p)=o\ .$$

Le produit

$$p\,F(p)=\frac{[F(p)]^2}{-F'(p)}$$

sera la rente annuelle du propriétaire de la source, et cette rente ne dépendra que de la nature de la fonction F.

Augustin Cournot (1801 –1877)

CHAPTER IV

OF THE LAW OF DEMAND

20. To lay the foundations of the theory of exchangeable values, we shall not accompany most speculative writers back to the cradle of the human race; we shall undertake to explain neither the origin of property nor that of exchange or division of labour. All this doubtless belongs to the history of mankind, but it has no influence on a theory which could only become applicable at a very advanced state of civilization, at a period when (to use the language of mathematicians) the influence of the *initial* conditions is entirely gone.

We shall invoke but a single axiom, or, if you prefer, make but a single hypothesis, *i.e.* that each one seeks to derive the greatest possible value from his goods or his labour. But to deduce the rational consequences of this principle, we shall endeavour to establish better than has been the case the elements of the data which observation alone can furnish. Unfortunately, this fundamental point is one which theorists, almost with one accord, have presented to us, we will not say falsely, but in a manner which is really meaningless.

CHAPTER V

OF MONOPOLY

26. For convenience in discussion, suppose that a man finds himself proprietor of a mineral spring which has just been found to possess salutary properties possessed by no other. He could doubtless fix the price of a *liter* of this water at 100 francs; but he would soon see by the scant demand, that this is not the way to make the most of his property. He will therefore successively reduce the price of the liter to the point which will give him the greatest possible profit; *i.e.* if $F(p)$ denotes the law of demand, he will end, after various trials, by adopting the value of p which renders the product $pF(p)$ a maximum, or which is determined by the equation

$$F(p)+pF'(p)=0. \qquad (1)$$

The product

$$pF(p)=\frac{[F(p)]^2}{-F'(p)}$$

will be the annual revenue of the owner of the spring, and this revenue will only depend on the nature of function F.

To make equation (1) applicable, it must be supposed that for the value of p obtained from it, there will be a corresponding value of D which the owner of the spring can deliver, or which does not exceed the annual flow of

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CHAPITRE VII.

De la concurrence des producteurs.

43. Tout le monde se forme une idée vague des effets de la concurrence : la théorie aurait dû s'attacher à préciser cette idée ; et pourtant, faute d'envisager la question sous le point de vue convenable, faute de recourir aux signes dont l'emploi devient indispensable, les écrivains économistes n'ont perfectionné en rien, sous ce rapport, les notions vulgaires. Elles sont restées mal définies, mal appliquées dans leurs ouvrages, comme dans le langage du monde.

Pour rendre sensible la conception abstraite du monopole, nous imaginions une source et un propriétaire. Maintenant, imaginons deux propriétaires et deux sources, dont les qualités sont identiques, et qui, en raison de la similitude de leur position, alimentent concurremment le même marché. Dès lors le prix est nécessairement le même pour l'un et pour l'autre propriétaire. Soit p ce prix, $D = F(p)$ le débit total, D_1 le débit de la source (1), D_2 celui de la source (2), de sorte que $D_1 + D_2 = D$. En négligeant, pour débuter, les frais d'exploitation, les revenus des propriétaires seront respectivement $p\,D_1$, $p\,D_2$; et *chacun de son côté* cherchera à rendre ce revenu le plus grand possible.

d'où il suit que les valeurs définitives de D_1, D_2, par conséquent D et p seront déterminés au moyen du système d'équations

$$(1)\quad f(D_1 + D_2) + D_1 f'(D_1 + D_2) = o\,,$$
$$(2)\quad f(D_1 + D_2) + D_2 f'(D_1 + D_2) = o\,.$$

En effet, supposons que les variables D_1, D_2 étant représentées par des coordonnées rectangulaires, la courbe $m_1\ n_1$ (fig. 2) soit le tracé de l'équation (1), et la courbe $m_2\ n_2$ le tracé de l'équation (2). Si le propriétaire (1) adoptait pour D_1 une valeur représentée par ox_1, le propriétaire (2) adopterait pour D_2 la valeur oy_1, laquelle, pour la valeur supposée de D_1, lui donne le plus grand bénéfice. Mais alors, par la même raison, le producteur (1) devrait adopter pour D_1 la valeur ox_{11}, qui donne le bénéfice *maximum* quand D_2 a la valeur oy_1. Ceci ramènerait le producteur (2) à retomber sur la valeur oy_{11}, et ainsi de suite : par où l'on voit que l'équilibre ne peut s'établir que lorsque les coordonnées ox, oy, du point d'intersection i, représentent les valeurs de D_1, D_2. La même construction, répétée sur la figure de l'autre côté du point i', conduit à des résultats symétriques.

La situation d'équilibre, correspondante au sys-

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CHAPTER VII

OF THE COMPETITION OF PRODUCERS

43. Every one has a vague idea of the effects of competition. Theory should have attempted to render this idea more precise; and yet, for lack of regarding the question from the proper point of view, and for want of recourse to symbols (of which the use in this connection becomes indispensable), economic writers have not in the least improved on popular notions in this respect. These notions have remained as ill-defined and ill-applied in their works, as in popular language.

To make the abstract idea of monopoly comprehensible, we imagined one spring and one proprietor. Let us now imagine two proprietors and two springs of which the qualities are identical, and which, on account of their similar positions, supply the same market in competition. In this case the price is necessarily the same for each proprietor. If p is this price, $D = F(p)$ the total sales, D_1 the sales from the spring (1) and D_2 the sales from the spring (2), then $D_1 + D_2 = D$. If, to begin with, we neglect the cost of production, the respective incomes of the proprietors will be pD_1 and pD_2; and *each of them independently* will seek to make this income as large as possible.

We say *each independently*, and this restriction is very whence it follows that the final values of D_1 and D_2, and consequently of D and of p, will be determined by the system of equations

$$(1) \qquad f(D_1 + D_2) + D_1 f'(D_1 + D_2) = 0,$$

$$(2) \qquad f(D_1 + D_2) + D_2 f'(D_1 + D_2) = 0.$$

Let us suppose the curve $m_1 n_1$ (Fig. 2) to be the plot of equation (1), and the curve $m_2 n_2$ that of equation (2), the variables D_1 and D_2 being represented by rectangular coordinates. If proprietor (1) should adopt for D_1 a value represented by ox_1, proprietor (2) would adopt for D_2 the value oy_1, which, for the supposed value of D_1, would give him the greatest profit. But then, for the same reason, producer (1) ought to adopt for D_1 the value ox_{11}, which gives the maximum profit when D_2 has the value oy_1. This would bring producer (2) to the value oy_{11} for D_2, and so forth; from which it is evident that an equilibrium can only be established where the coördinates ox and oy of the point of intersection i represent the values of D_1 and D_2. The same construction repeated on a point of the figure on the other side of the point i leads to symmetrical results.

The state of equilibrium corresponding to the system of values ox and oy is therefore *stable; i.e.* if either of the producers, misled as to his true interest, leaves it temporarily, he will be brought back to it by a series of reactions, constantly declining in amplitude, and of which the dotted lines of the figure give a representation by their arrangement in steps.

Augustin Cournot (1801 –1877)

tème de valeurs ox, oy, est donc *stable*; c'est-à-dire que si l'un ou l'autre des producteurs, trompé sur ses vrais intérêts, vient à s'en écarter momentanément, il y sera ramené par une suite de réactions, toujours diminuant d'amplitude, et dont les lignes ponctuées de la figure, par leur disposition en gradins, offrent l'image.

La construction précédente suppose que l'on a $om_1 > om_2$, $on_1 < on_2$: les résultats seraient diamétralement opposés, si ces inégalités changeaient de signe, et si les courbes m_1n_1, m_2n_2 affectaient la disposition représentée sur la fig. 3. Les coordonnées du point i, où les deux courbes se coupent, cesseraient alors de correspondre à un système d'équilibre stable. Mais il est facile de se convaincre qu'une pareille disposition des courbes est inadmissible. En effet, quand $D_1 = o$, les équations (1) et (2) se réduisent, la première à

$$f(D_2) = o \ ,$$

la seconde à

$$f(D_2) + D_2 f'(D_2) = o \ .$$

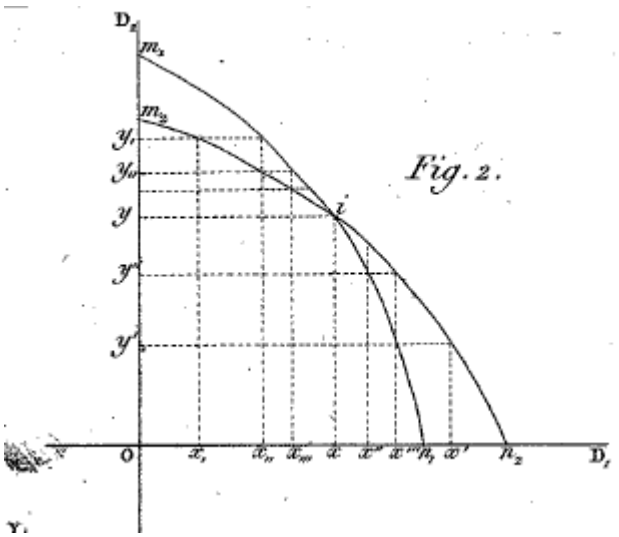


Fig. 2.

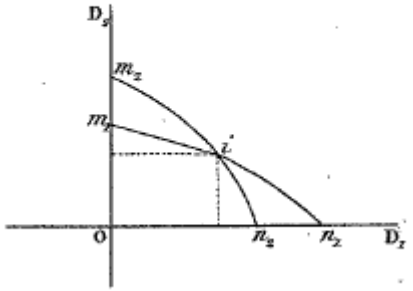


Fig. 3.

The preceding construction assumes that $om_1 > om_2$ and $on_1 < on_2$: the results would be diametrically opposite if

G

these inequalities should change sign, and if the curves m_1n_1 and m_2n_2 should assume the disposition represented by Fig. 3. The coördinates of the point i, where the two curves intersect, would then cease to correspond to a state of stable equilibrium. But it is easy to prove that such a disposition of the curves is inadmissible. In fact, if $D_1 = 0$, equations (1) and (2) reduce, the first to

$$f(D_2) = 0,$$

and the second to

$$f(D_2) + D_2 f'(D_2) = 0.$$

The value of D_2 derived from the first would correspond to $p = 0$; the value of D_2 derived from the second corresponds to a value of p which would make the product pD_2 a maximum. Therefore the first root is necessarily greater than the second, or $om_1 > om_2$, and for the same reason $on_2 > on_1$.

44. From equations (1) and (2) we derive first $D_1 = D_2$ (which ought to be the case, as the springs are supposed to be similar and similarly situated), and then by addition:

$$2f(D) + Df'(D) = 0,$$

an equation which can be transformed into

$$D + 2p\frac{dD}{dp} = 0, \tag{3}$$

whereas, if the two springs had belonged to the same property, or if the two proprietors *had come to an understanding*, the value of p would have been determined by the equation

$$D + p\frac{dD}{dp} = 0, \tag{4}$$

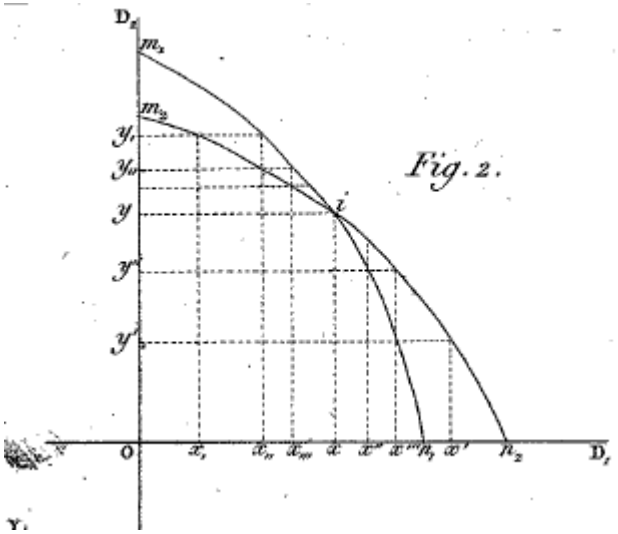
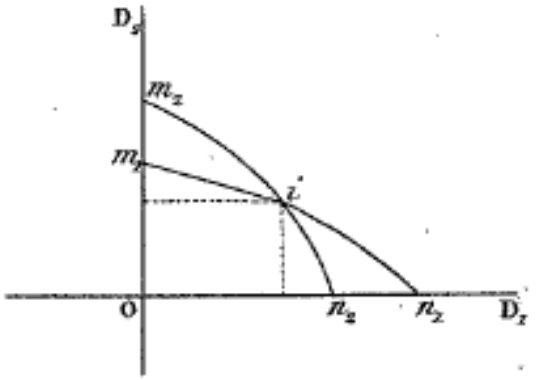


Fig. 2.

Fig. 3.



The preceding construction assumes that $om_1 > om_2$ and $on_1 < on_2$: the results would be diametrically opposite if these inequalities should change sign, and if the curves $m_1 n_1$ and $m_2 n_2$ should assume the disposition represented by Fig. 3. The coördinates of the point i, where the two curves intersect, would then cease to correspond to a state of stable equilibrium. But it is easy to prove that such a disposition of the curves is inadmissible. In fact, if $D_1 = 0$, equations (1) and (2) reduce, the first to

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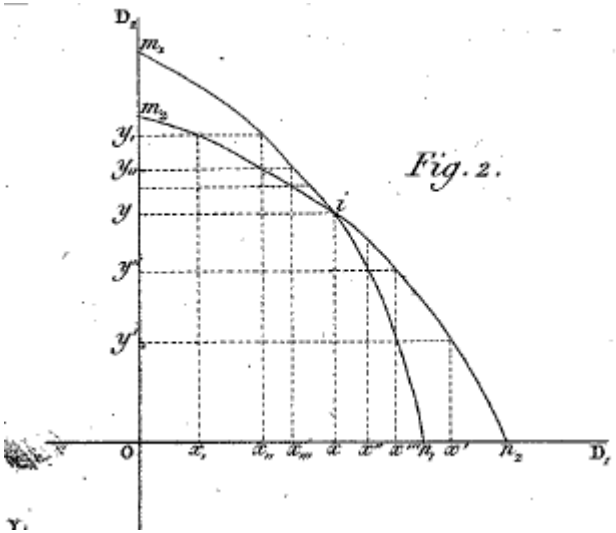
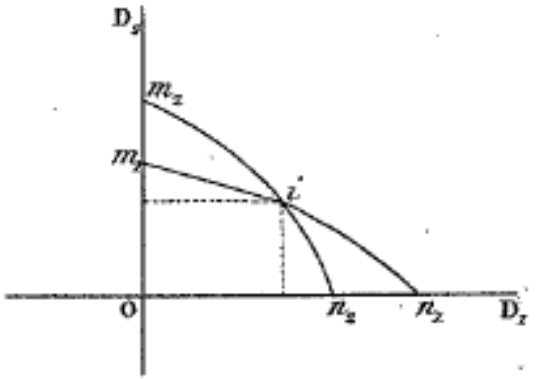


Fig. 2.

Fig. 3.



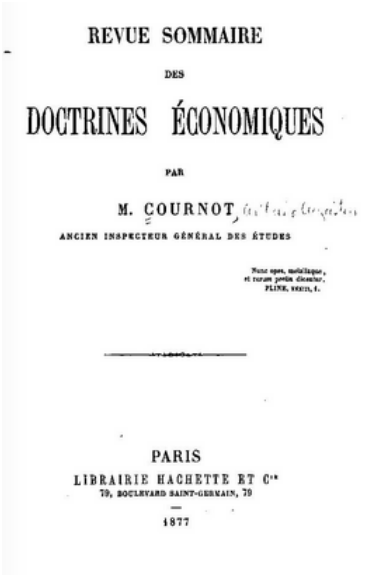
Augustin Cournot (1801 –1877)

46. S'il y avait 3, 4.... n producteurs en concurrence, toutes les circonstances restant les mêmes, l'équation (3) serait successivement remplacée par les suivantes :

$$D+3p\frac{dD}{dp}=o\ ,\quad D+4p\frac{dD}{dp}=o\ ,\quad \ldots\ldots\ldots$$

$$D+np\frac{dD}{dp}=o\ ;$$

la valeur de p, qui en résulte, diminuerait indéfiniment par l'accroissement indéfini du nombre n.



REVUE SOMMAIRE

DES

DOCTRINES ÉCONOMIQUES

PAR

M. COURNOT

ANCIEN INSPECTEUR GÉNÉRAL DES ÉTUDES

PARIS

LIBRAIRIE HACHETTE ET Cie

79, BOULEVARD SAINT-GERMAIN, 79

1877

CHAPITRE VIII.

De la concurrence indéfinie.

50. Les effets de la concurrence ont atteint leur limite, lorsque chacune des productions partielles D_k est *insensible*, non seulement par rapport à la production totale $D=F(p)$, mais aussi par rapport à la dérivée $F'(p)$, en sorte que la production partielle D_k pourrait être retranchée de D, sans qu'il en résultât de variation appréciable dans le prix de la denrée. Cette hypothèse est celle qui se réalise dans l'économie sociale pour une foule de productions, et pour les productions les plus importantes. Elle introduit dans les calculs une grande simplification, et c'est à en développer les conséquences que ce chapitre est destiné.

En vertu de l'hypothèse, on pourra, dans l'équation

$$D_k+\left[p-\varphi'_k(D_k)\right]\cdot\frac{dD}{dp}=o\ ,$$

négliger, sans erreur sensible, le terme D_k, ce qui la réduira à

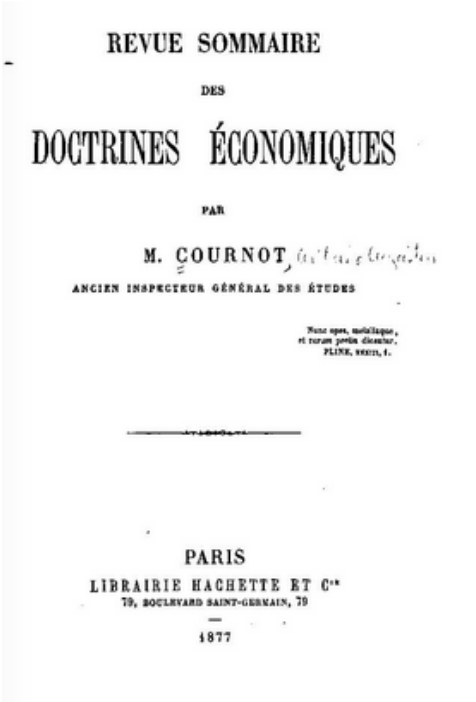
$$p-\varphi'_k(D_k)=o\ .$$

Augustin Cournot (1801 –1877)

46. If there were 3, 4, . . ., n producers in competition, all their conditions being the same, equation (3) would be successively replaced by the following:

$$D + 3p\frac{dD}{dp} = 0,\ D + 4p\frac{dD}{dp} = 0,\ \cdots\ D + np\frac{dD}{dp} = 0;$$

and the value of p which results would diminish indefinitely with the indefinite increase of the number n.



REVUE SOMMAIRE

DES

DOCTRINES ÉCONOMIQUES

PAR

M. COURNOT

ANCIEN INSPECTEUR GÉNÉRAL DES ÉTUDES

Nunc opes, metallique,
et rerum pretia dicentur.
PLINE, XXXIII, 1.

PARIS

LIBRAIRIE HACHETTE ET Cie

79, BOULEVARD SAINT-GERMAIN, 79

1877

CHAPTER VIII

OF UNLIMITED COMPETITION

50. The effects of competition have reached their limit, when each of the partial productions D_k is *inappreciable*, not only with reference to the total production $D = F(p)$, but also with reference to the derivative $F'(p)$, so that the partial production D_k could be subtracted from D without any appreciable variation resulting in the price of the commodity. This hypothesis is the one which is realized, in social economy, for a multitude of products, and, among them, for the most important products. It introduces a great simplification into the calculations, and this chapter is meant to develop the consequences of it.

According to this hypothesis, in the equation

$$D_k + [p - \phi_k'(D_k)] \cdot \frac{dD}{dp} = 0,$$

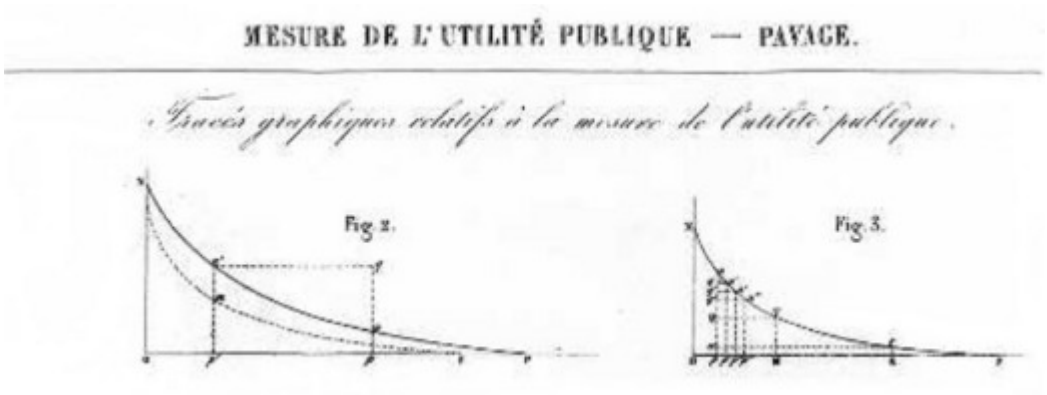
the term D_k can be neglected without sensible error, which reduces the equation to

$$p - \phi_k'(D_k) = 0.$$

In consequence, the system of equations (6) of the preceding chapter will be replaced by

$$(1)\ p - \phi_1'(D_1) = 0,\ p - \phi_2'(D_2) = 0,\ \cdots p - \phi_n'(D_n) = 0.$$

Jules Dupuit (1804—1866)


MESURE DE L'UTILITÉ PUBLIQUE — PAVAGE.

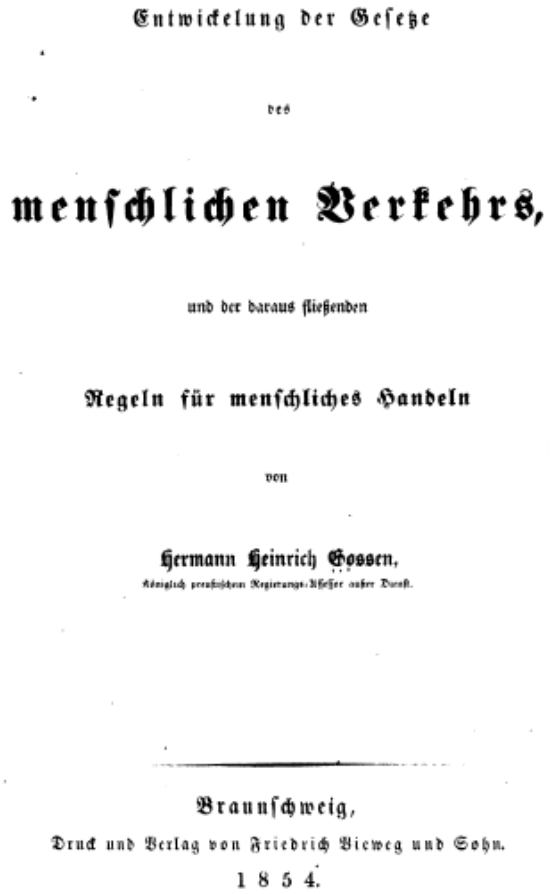
Tracés graphiques relatifs à la mesure de l'utilité publique.

Fig 2.

Fig 3.

(1844) « De la mesure de l'utilité des travaux publics », *Annales des ponts et chaussées: Mémoires et documents*, 2 (116)

Hermann Heinrich Gossen (1810—1858)



Entwickelung der Geſetze

des

menſchlichen Verkehrs,

und der daraus fließenden

Regeln für menſchliches Handeln

von

Hermann Heinrich Gossen,

Braunſchweig,

Druck und Verlag von Friedrich Vieweg und Sohn.

1 8 5 4.

UN ÉCONOMISTE INCONNU[1]

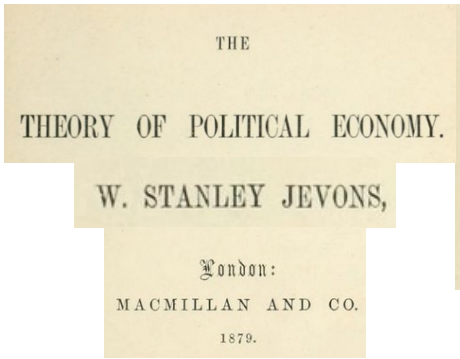
HERMANN-HENRI GOSSEN

JOURNAL DES ÉCONOMISTES.

4e SÉRIE, T. XXX. — 15 *avril* 1885.

LÉON WALRAS.

The Laws of Human Relations and the Rules of Human Action Derived Therefrom. By Hermann Heinrich Gossen. Translated by Rudolph C. Blitz with an introductory essay by Nicholas Georgescu-Roegen. Cambridge: M.I.T. Press, 1983. Pp. 460.



THE

THEORY OF POLITICAL ECONOMY.

W. STANLEY JEVONS,

London:

MACMILLAN AND CO.

1879.

From this statement it is quite apparent that Gossen has completely anticipated me as regards the general principles and method of the theory of Economics. So far as I can gather, his treatment of the fundamental theory is even more general and thorough than what I was able to scheme out. In discussing the book, I lie under the serious difficulty of not being able to read it;

Hermann Heinrich Gossen (1810—1858)

Freude, schöner Götterfunken,
Tochter aus Elysium,
Wir betreten feuertrunken,
Himmlische, dein Heiligthum.
Deine Zauber binden wieder,
Was die Mode streng getheilt;
Alle Menschen werden Brüder,
Wo dein sanfter Flügel weilt.

Chor.

Seid umschlungen, Millionen!
Diesen Kuß der ganzen Welt!
Brüder — über'm Sternenzelt
Muß ein lieber Vater wohnen.

Schiller.

Vorrede.

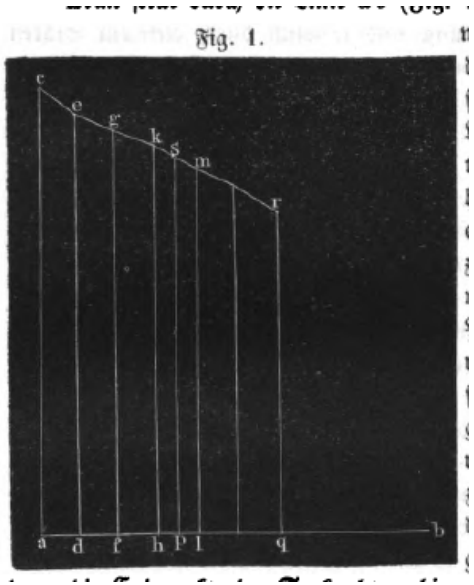
Auf den folgenden Blättern übergebe ich der öffentlichen Beurtheilung das Resultat eines 20jährigen Nachdenkens.

Was einem Kopernikus zur Erklärung des Zusammenseins der Welten im Raum zu leisten gelang, das glaube ich für die Erklärung des Zusammenseins der Menschen auf der Erdoberfläche zu leisten. Ich glaube, daß es mir gelungen ist, die Kraft, und in großen Umrissen das Gesetz ihrer Wirksamkeit zu entdecken, welche das Zusammensein der Menschen möglich macht, und die Fortbildung des Menschengeschlechts unaufhaltsam bewirkt. Und wie die Entdeckungen jenes Mannes es möglich machten, die Bahnen der Weltkörper auf unbeschränkte Zeit zu bestimmen; so glaube ich mich durch meine Entdeckungen in den Stand gesetzt, dem Menschen mit untrüglicher Sicherheit die Bahn zu bezeichnen, die er zu wandeln hat, um seinen Lebenszweck in vollkommenster Weise zu erreichen.

Es muß das Genießen so eingerichtet werden, daß die Summe des Genusses des ganzen Lebens ein Größtes werde.

Allocation of pleasures, so that the sum of the pleasures of the whole life is maximum

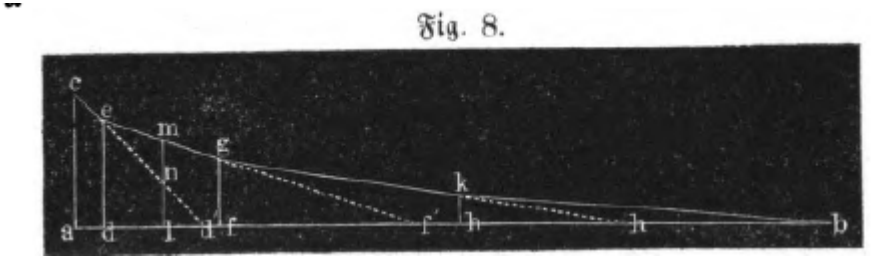
Hermann Heinrich Gossen (1810—1858)



Gossen's 1st Law:
Diminishing marginal utility

Gossen's 2nd Law:
The ratio of marginal utilities and prices is the same for all goods

$$\frac{\partial U/\partial x_i}{p_i} = \frac{\partial U/\partial x_j}{p_j} \; \forall \, (i, j)$$

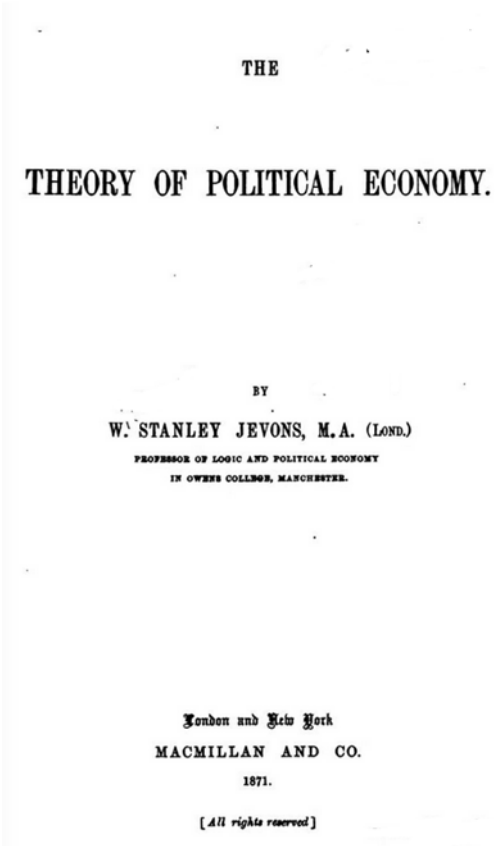


Division of time

Marginalist revolution

- W. Stanley Jevons (1835-1882)
- Carl Menger (1840-1921)
- Léon Walras (1834-1910)

Marginalist revolution



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BY

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IN OWENS COLLEGE, MANCHESTER.

London and New York
MACMILLAN AND CO.
1871.

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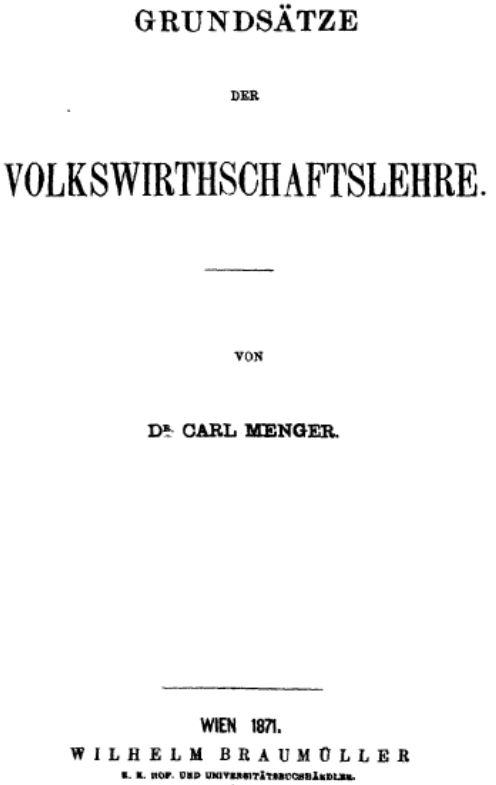


GRUNDSÄTZE

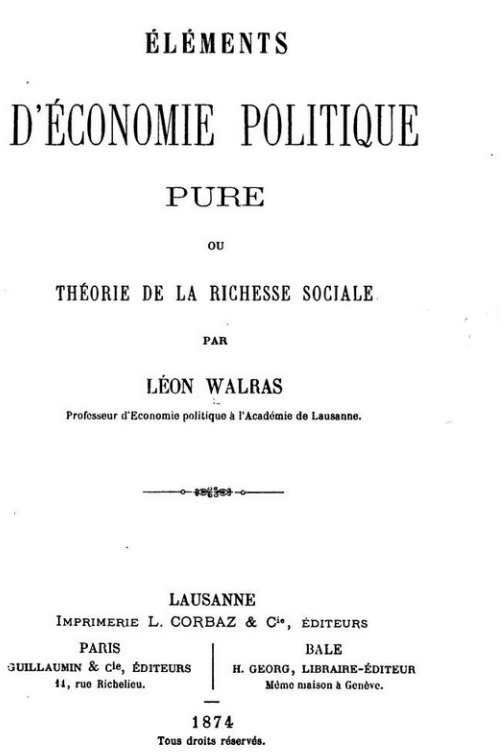
DER

VOLKSWIRTHSCHAFTSLEHRE.

VON

Dr. CARL MENGER.

WIEN 1871.
WILHELM BRAUMÜLLER
K. K. HOF- UND UNIVERSITÄTSBUCHHÄNDLER.



ÉLÉMENTS

D'ÉCONOMIE POLITIQUE

PURE

OU

THÉORIE DE LA RICHESSE SOCIALE

PAR

LÉON WALRAS

Professeur d'Economie politique à l'Académie de Lausanne.

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1874

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W. Stanley Jevons (1835—1882)

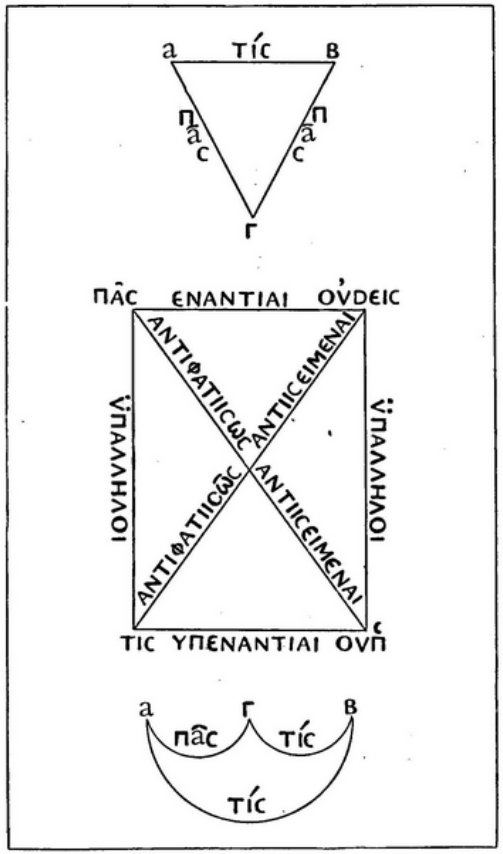
by William Stanley Jevons
albumen print on paper mount, 1858, NPG

Professor of Political Economy at University College, London

W. Stanley Jevons (1835—1882)

1862. "A General Mathematical Theory of Political Economy"
1863. *A Serious Fall in the Value of Gold*, Edward Stanford.
1864. *Pure Logic; or, the Logic of Quality apart from Quan*tity, Edward Stanford
1865. *The Coal Question*, Macmillan
1869. *The Substitution of Similars, The True Principle of Reasoning*, Macmillan
1870. *Elementary Lessons on Logic*, Macmillan
1871. *The Match Tax: A Problem in Finance*, Edward Stanford.
1871. ***The Theory of Political Economy*, Macmillan**
1874. *Principles of Science*, Macmillan
1875. *Money and the Mechanism of Exchange*, D. Appleton
1878. *A Primer on Political Economy*, Macmillan
1880. *Studies in Deductive Logic*, Macmillan
1882. *The State in Relation to Labour*, Macmillan
1883. *Methods of Social Reform and Other Papers*, Macmillan

W. Stanley Jevons (1835—1882)



ANCIENT LOGICAL DIAGRAMS. See Preface, *ad finem.*

STUDIES

IN

DEDUCTIVE LOGIC.

A Manual for Students.

BY

W. STANLEY JEVONS,

LL.D. (Edinb.), M.A. (Lond.), F.R.S.

BIBLIOTHECA
MAR 1881
BODLEIANA

London:

MACMILLAN AND CO.

1880.

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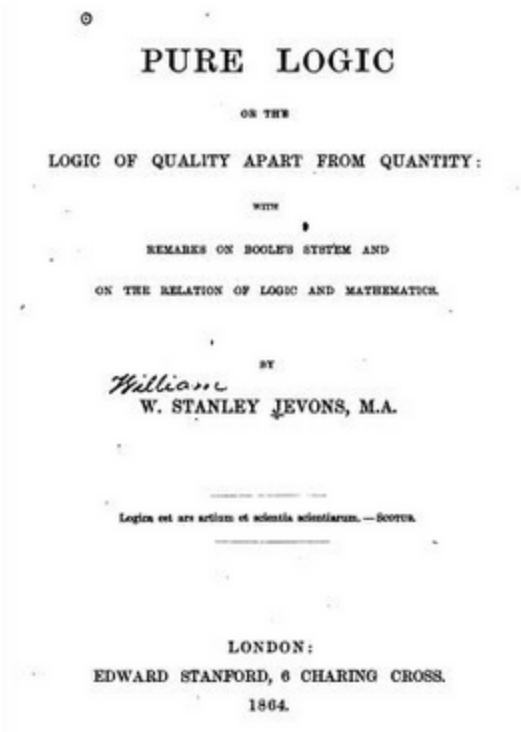

PURE LOGIC

OR THE

LOGIC OF QUALITY APART FROM QUANTITY:

WITH

REMARKS ON BOOLE'S SYSTEM AND

ON THE RELATION OF LOGIC AND MATHEMATICS.

BY

W. STANLEY JEVONS, M.A.

Logica est ars artium et scientia scientiarum. — Scotus.

LONDON:
EDWARD STANFORD, 6 CHARING CROSS.
1864.

Jevons' Logic Machine or Logic 'Piano'.
Museum of the History of Science, Oxford.

W. Stanley Jevons (1835—1882)

BRITISH ASSOCIATION, 1862.

THIRTY-SECOND *Meeting of the* BRITISH ASSOCIATION *for the Advancement of Science, held at* CAMBRIDGE, *1st—8th October*, 1862.

Section (F).—*Economic Science and Statistics.*

Tuesday, 7th October, 1862.

The President.—On the Subject Matters and Methods of Competitive Examinations for the Public Service.

Rev. William Emery, B.D.—On the Expenses and Social Condition of University Education.

Henry Roberts, F.S.A.—Statistics which show the Increasing Circulation of a Pure and Instructive Literature adapted to the Capacities and the Means of the Labouring Population.

Rev. W. N. Molesworth, M.A.—On the Instruction and Training of the Unemployed in the Manufacturing Districts during the present Crisis.

W. Stanley Jevons, M.A.—Notice of a General Mathematical Theory of Political Economy.

W. Stanley Jevons, M.A.—On the Study of Periodic Commercial Fluctuations.

Edwin Hill.—On the Prevention of Crime.

Notice of a General Mathematical Theory of Political Economy.
By W. S. Jevons, *M.A.*

1. The main problem of economy may be reduced to a rigorous mathematical form, and it is only the absence of exact data for the inductive determination of its laws or functions which will always prevent it from becoming an exact science.

2. A true theory of economy can only be attained by going back to the springs of human action—the *feelings of pleasure and pain* which accompany our common wants, and the satisfaction of those wants by labour exerted to that purpose. These feelings are the commonest motives of action; but other motives of a moral or religious nature must be recognized by the economist as outstanding and disturbing forces of his problem.

3. Feelings of pleasure and pain vary in *intensity* and in *duration*. They have two dimensions. The *quantity* of feeling, therefore, resembles an *area*, and is got by integration of the function which expresses the relation of the intensity to the duration.

4. Pleasure and pain are opposed as positive and negative quantities.

5. Anticipation of future pleasure or pain gives a less degree of present feeling, related to the anticipated feeling by some vague function of the intervening time, peculiar to each person's character.

6. A *useful object* is that which causes pleasure, either by present use or by expectation of its future use.

7. *Amount of utility* corresponds to amount of pleasure produced. The use or

consumption of successive equal increments of a useful substance does not usually produce equal increments of pleasure, but the *ratio of utility* on the last increment usually decreases as some function of the whole quantity consumed. Let this be called the *final ratio of utility*.

8. Labour is accompanied by pain, and will be exerted both in intensity and duration until a further increment will be more painful than the increment of produce thereby obtained is pleasurable.

9. The abilities of two men in producing the same or of one man in producing general kinds of useful objects are very various, contrary to the erroneous assumption of Ricardo.

10. When two persons, each possessing a known quantity of a commodity or useful substance capable of division into small quantities, exchange with each other, the unknown quantities which pass between them are determined by *two equations*, involving the known quantities of commodity previously possessed and the functions expressing the final ratios of utility of those commodities. It is also a necessary condition of the exchange that any portions of the commodities, and therefore the last small portions, are exchanged in the same ratio as the whole quantities.

11. When there are more than two persons or commodities, a simple law of combinations gives the numbers of equations which will determine all the quantities passing in exchange. The whole system of trade, howsoever extensive, is thus theoretically represented by a system of equations.

12. When the quantities of commodities are considered as produced by labour under the conditions stated in (8), a new set of equations will determine, in conjunction with the equations of exchange, the new set of unknown quantities introduced. Any system of production and trade is thus theoretically represented.

13. *Capital* is defined to be simply *maintenance of labourers while they are awaiting the results of labour employed in a manner which does not give immediate returns.* As maintenance may be applied indifferently to any branch of industry, the interest of all (free) capital is the same. The interest is determined by the ratio which a new increment of produce bears to the increment of capital by which it was produced. It is shown to be a simple mathematical result of the above conditions that the interest of capital always tends to fall rapidly as its quantity in proportion to labour increases.

14. When the remaining parts of the theory are completed, it will probably be shown that the *rate of wages* is the average produce of labour after deduction of rent, interest, profit, insurance, and taxation. These are so many payments which the labourer makes for peculiar advantages enjoyed.

REPORT

OF THE

THIRTY-SECOND MEETING

OF THE

BRITISH ASSOCIATION

FOR THE

ADVANCEMENT OF SCIENCE;

HELD AT CAMBRIDGE IN OCTOBER 1862.

LONDON:
JOHN MURRAY, ALBEMARLE STREET.
1863.

Mr. W. S. Jevons on the Study of Periodic Commercial Fluctuations 157
————————, Notice of a General Mathematical Theory of Political Economy 158

W. Stanley Jevons (1835—1882)

The MATHEMATICAL THEORY *of* POLITICAL ECONOMY.

THE following paper was read by Professor W. Stanley Jevons, M.A., at the opening night of the present session of the Manchester Statistical Society. A similar topic was brought under the notice of Section F of the British Association by the same writer in 1862, as a "Notice of a General Mathematical Theory of Political Economy." The subject of the present paper was "The Progress of the Mathe- "matical Theory of Political Economy, with an Explanation of the "Principles of the Theory."

Journal of the Statistical Society of London,
Vol. 37, No. 4 (Dec., 1874), pp. 478-488

In our own subject of political economy, it has been much too commonly assumed that Adam Smith founded the science, that Ricardo systematised it, and that Mill finally expounded it in a nearly perfect form. An orthodox economical creed has thus been established, and all who can call its truth in question are too likely to be treated as noxious heretics, or, at the least, as harmless crotcheteers. But in spite of all danger of being thus regarded, I maintain that it is only by going back and reconsidering the primary notions of the science that we can arrive at a true theory of economy, and be enabled to distinguish between the true and the false in ancient doctrines. It is probably a mistake to put forward the new views of the science as forming specially a mathematical

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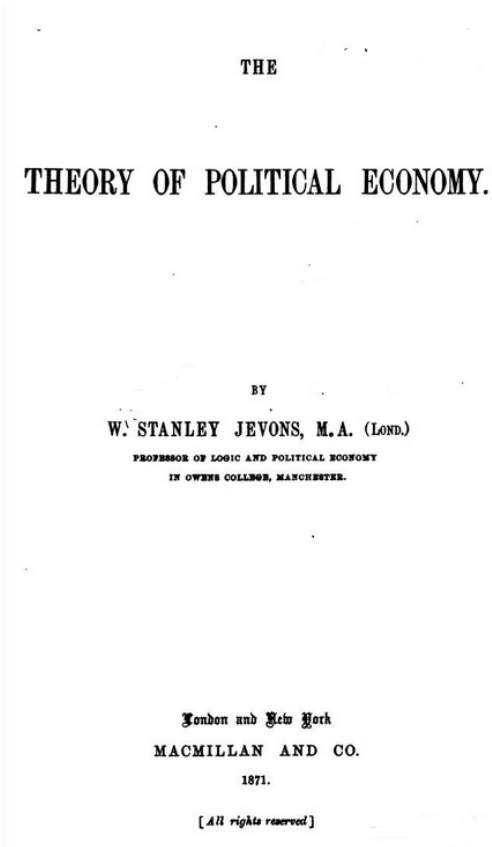
theory. In truth, there is nothing more theoretical, and but little more mathematical, in the views of M. Walras, M. d'Aulnis, and myself than in the ordinary doctrines. The laws of political economy must be mathematical for the most part, because they deal with quantities and the relations of quantities. If we turn to the explanations given of the principal elements of the subject in any of the chief authors, we shall find that they deal continually with quantities. Adam Smith says, "The value of any commodity

W. Stanley Jevons (1835—1882)



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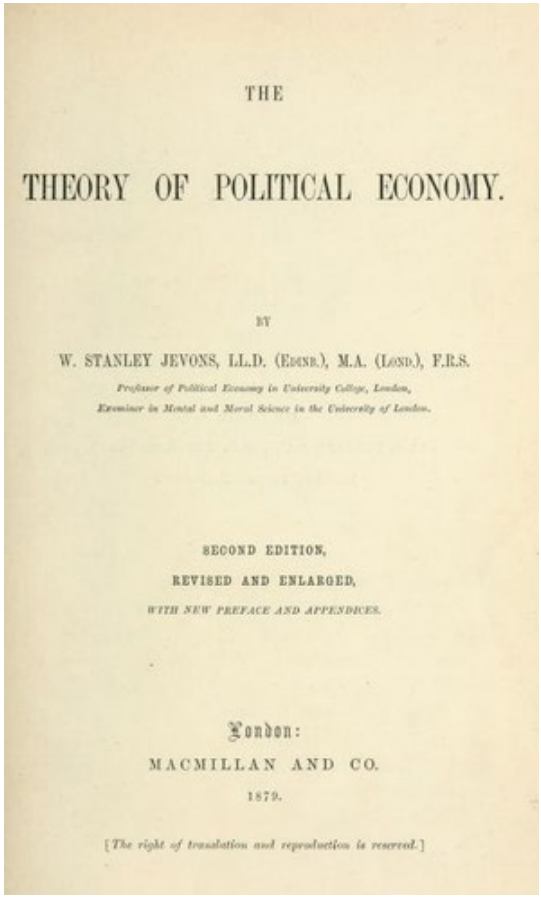

THE

THEORY OF POLITICAL ECONOMY.

BY

W. STANLEY JEVONS, LL.D. (EDINB.), M.A. (LOND.), F.R.S.

Professor of Political Economy in University College, London,
Examiner in Mental and Moral Science in the University of London.

SECOND EDITION,
REVISED AND ENLARGED,
WITH NEW PREFACE AND APPENDICES.

London:
MACMILLAN AND CO.
1879.

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W. Stanley Jevons (1835—1882)

to Bastiat and Courcelle-Seneuil. The conclusion to which I am ever more clearly coming is that the only hope of attaining a true system of Economics is to fling aside, once and for ever, the mazy and preposterous assumptions of the Ricardian School. Our English Economists have been living in a fool's paradise. The truth is with the French School, and the sooner we recognise the fact, the better it will be for all the world, except perhaps the few writers who are too far committed to the old erroneous doctrines to allow of renunciation.

W. Stanley Jevons (1835—1882)

Pleasure and Pain as Quantities.

PROCEEDING to consider how pleasure and pain can be estimated as magnitudes, we must undoubtedly accept what Bentham has laid down upon this subject. 'To a person,' he says[a], 'considered *by himself*, the value of a pleasure or pain, considered *by itself*, will be greater or less according to the four following circumstances:—

(1) Its *intensity*.
(2) Its *duration*.
(3) Its *certainty* or *uncertainty*.
(4) Its *propinquity* or *remoteness*.

[a] 'An Introduction to the Principles of Morals and Legislation, 2nd Ed., 1823, vol. i. p. 49. The earliest writer, who, so far as I know, has treated Pleasure and Pain in a definitely quantitative manner, is Francis Hutcheson, in his 'Essay on the Nature and Conduct of the Passions and Affections,' 1728, pp. 34–43, 126, etc.

character. In Fig. II the height of each point of

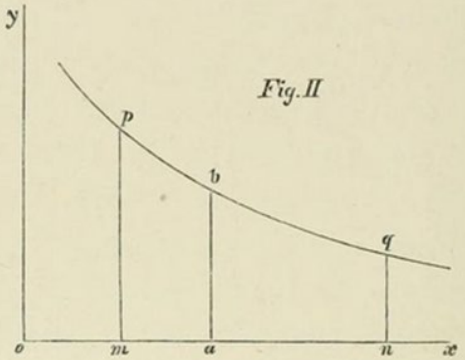


Fig. II

the curve *pq*, above the horizontal line *ox*, indicates the intensity of feeling in a moment of time; and the whole quantity of feeling generated in the time *mn* is measured by the area bounded by the lines *pm*, *qn*, *mn*, and *pq*. The feeling belonging to any other time, *ma*, will be measured by the space *mabp* cut off by the perpendicular line *ab*.

W. Stanley Jevons (1835—1882)

All that we can say, then, is, that water, up to a certain quantity, is indispensable; that further quantities will have various degrees of utility; but that beyond a certain quantity the utility sinks gradually to zero; it may even become negative, that is to say, further supplies of the same substance may become inconvenient and hurtful.

Exactly the same considerations apply more or less clearly to every other article. A pound of bread per day supplied to a person saves him from starvation, and has the highest conceivable utility. A second pound per day has also no slight utility: it keeps him in a state of comparative plenty, though it be not altogether indispensable. A third pound would begin to be superfluous. It is clear, then, that *utility is not proportional to commodity:* the very same articles vary in utility according as we already possess more or less of the same article.

Let the line *ox* be used as a measure of the quantity of food, and let it be divided into ten equal parts to correspond to the ten portions of food mentioned above. Upon these equal lines are constructed rectangles, and the area of each rectangle may be assumed to represent the utility of

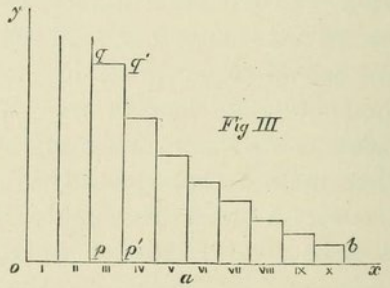


Fig III

the increment of food corresponding to its base. Thus the utility of the last increment is small, being proportional to the small rectangle on x. As we approach towards *o*, each increment bears a larger rectangle, that standing upon III being the largest complete rectangle. The utility of the

W. Stanley Jevons (1835—1882)

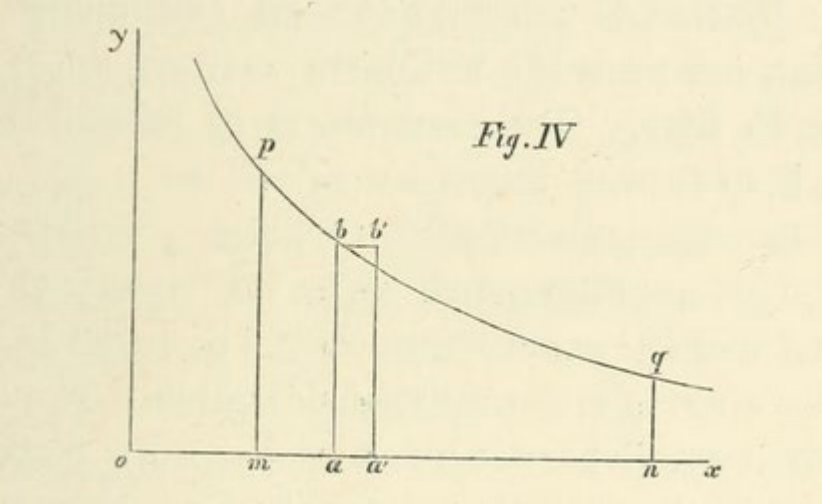


Fig. IV

Total Utility and Degree of Utility.

We are now in a position to appreciate perfectly the difference between the *total utility* of any commodity and *the degree of utility* of the commodity at any point. These are, in fact, quantities of altogether different kinds, the first being represented by an area, and the second by a line. We must consider how we may express these notions in appropriate mathematical language.

to the quantity of commodity x. *The degree of utility is*, in mathematical language, *the differential coefficient of u considered as a function of x*, and will itself be another function of x.

in economic problems. We may state as a general law, that *the degree of utility varies with the quantity of commodity, and ultimately decreases as that quantity increases.* No commodity can be named which

W. Stanley Jevons (1835—1882)

The Law of Indifference.

would be a valid ground of choice. Hence follows what is undoubtedly true, with proper explanations, that *in the same open market, at any one moment, there cannot be two prices for the same kind of article.* Such differences as may practically occur arise from extraneous circumstances, such as the defective credit of the purchasers, their imperfect knowledge of the market, and so on.

The Theory of Exchange.

The keystone of the whole Theory of Exchange, and of the principal problems of Economics, lies in this proposition—*The ratio of exchange of any two commodities will be the reciprocal of the ratio of the final degrees of utility of the quantities of commodity available for consumption after the exchange is completed.* When the reader has reflected a little

W. Stanley Jevons (1835—1882)

Hence, substituting for the second member by the equation given on p. 103, we have

$$\frac{\phi_1 (a-y)}{\psi_1 y} = \frac{y}{x}.$$

What holds true of A will also hold true of B, *mutatis mutandis*. He must also derive exactly equal utility from the final increments, otherwise it will be for his interest to exchange either more or less, and he will disturb the conditions of exchange. Accordingly the following equation must hold true—

$$\psi_2 (b-y) \,.\, dy = \phi_2 x \,.\, dx;$$

or, substituting as before,

$$\frac{\phi_2 x}{\psi_2 (b-y)} = \frac{y}{x}.$$

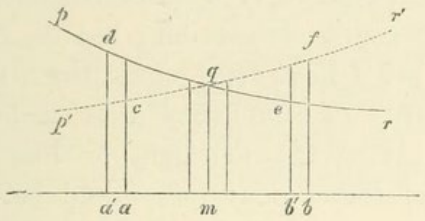
We arrive, then, at the conclusion, that whenever two commodities are exchanged for each other, and *more or less can be given or received in infinitely small quantities*, the quantities exchanged satisfy two equations, which may be thus stated in a concise form—

$$\frac{\phi_1 (a-x)}{\psi_1 y} = \frac{y}{x} = \frac{\phi_2 x}{\psi_2 (b-y)}.$$

W. Stanley Jevons (1835—1882)

line $p'q'r'$ is the like curve of another commodity which has been reversed and superposed on the other. Owing to this reversal, the quantities of the first commodity are measured along the base

Fig V.



line from a towards b, whereas those of the second must be measured in the opposite direction. Let units of both commodities be represented by equal lengths: then the little line $d'a$ indicates an increase of the first commodity, and a decrease of the second. Assume the ratio of exchange to be that of unit for unit, or 1 to 1: then, by receiving the commodity $d'a$ the person will gain the utility ad, and lose the utility $d'c$; or he will make a net gain of the utility corresponding to the mixtilinear figure cd. He will, therefore, wish to extend the

Let us now suppose that the first body, A, originally possessed the quantity a of corn, and that the second body, B, possessed the quantity b of beef. As the exchange consists in giving x of corn for y of beef, the state of things after exchange will be as follows:—

A holds $a-x$ of corn, and y of beef.

B holds x of corn, and $b-y$ of beef.

Let $\phi_1 (a-x)$ denote the final degree of utility of corn to A, and $\phi_2 x$ the corresponding function for B. Also let $\psi_1 y$ denote A's final degree of utility for beef, and $\psi_2 (b-y)$ B's similar function. Then, as explained on p. 104, A will not be satisfied unless the following equation holds true—

$$\phi_1 (a-x) \,.\, dx = \psi_1 y \,.\, dy;$$

or
$$\frac{\phi_1 (a-x)}{\psi_1 y} = \frac{dy}{dx}.$$

W. Stanley Jevons (1835—1882)

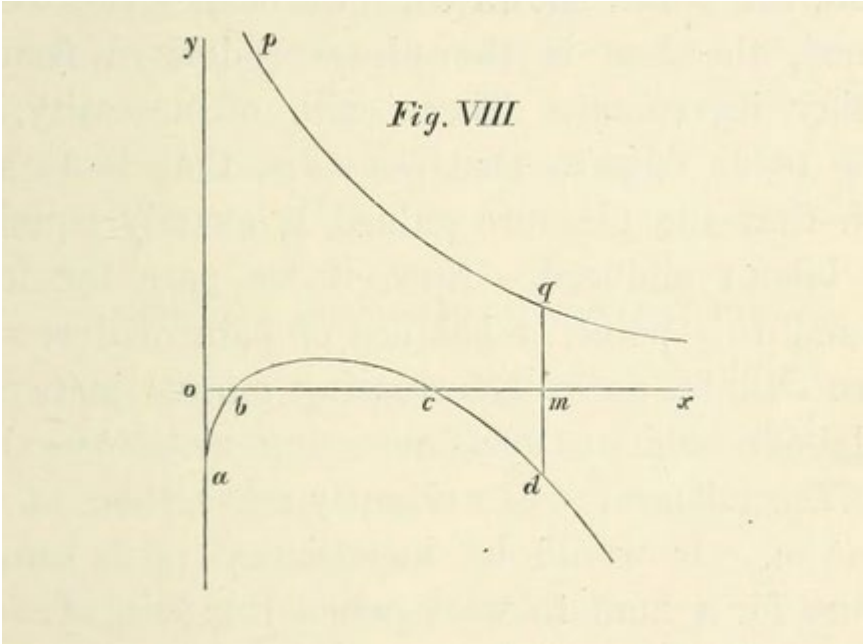


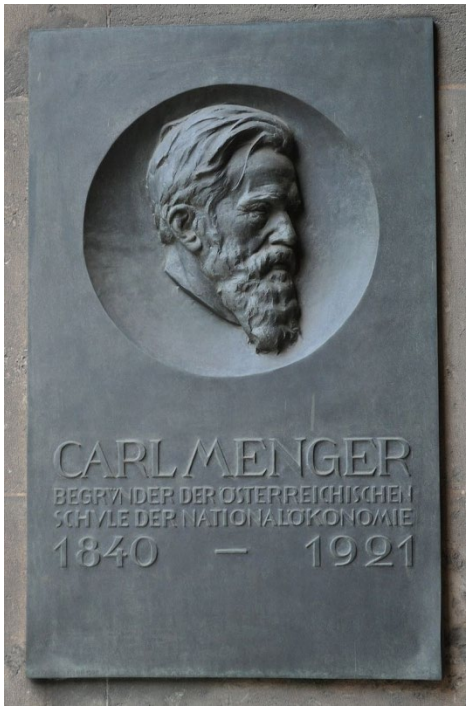
Fig. VIII

CHAPTER V.

THEORY OF LABOUR.

But intensity of labour may have more than one meaning; it may mean the quantity of work done, or the painfulness of the effort of doing it. These two things must be carefully distinguished, and both are of great importance for the theory. The one is the reward, the other the penalty, of labour. Or rather, as the produce is only of interest to us so far as it possesses utility, we may say that there are three quantities involved in the theory of labour—the amount of painful exertion, the amount of produce, and the amount of utility gained. The variation of utility, as depending on the quantity of commodity possessed, has already been considered; the variation of the amount of produce will be treated in the next chapter; we will here give attention to the variation of the painfulness of labour.

Carl Menger (1840—1921)



Carl Menger (1840—1921)

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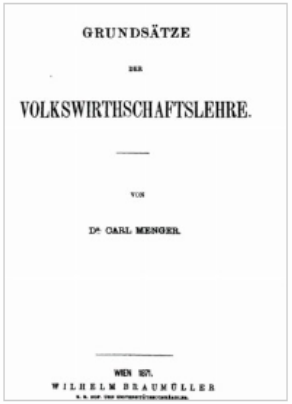

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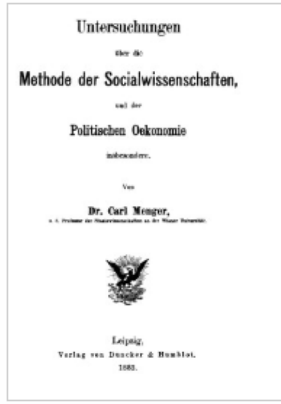

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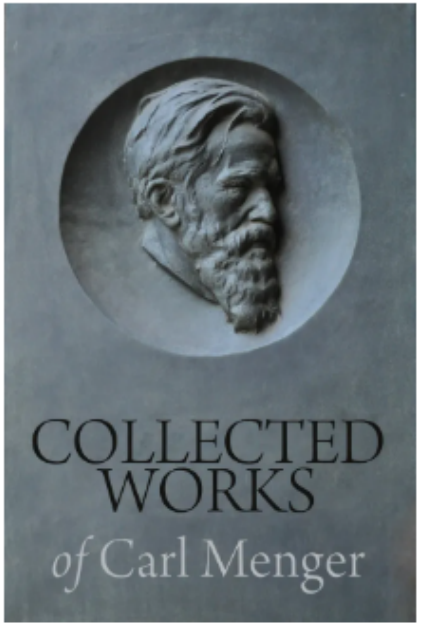

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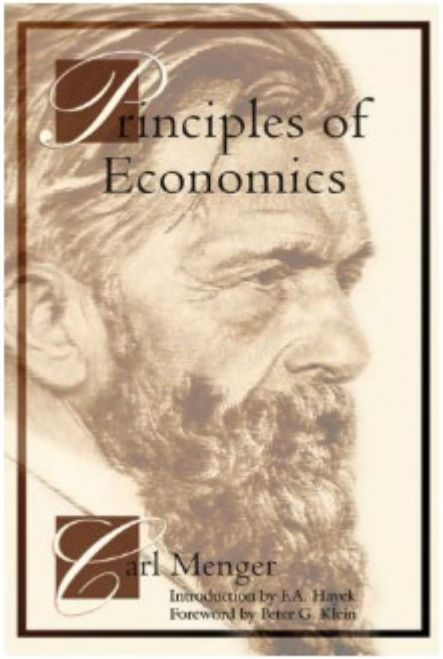

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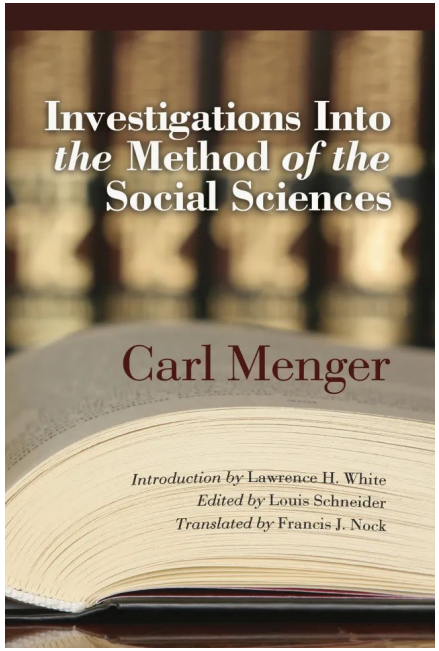
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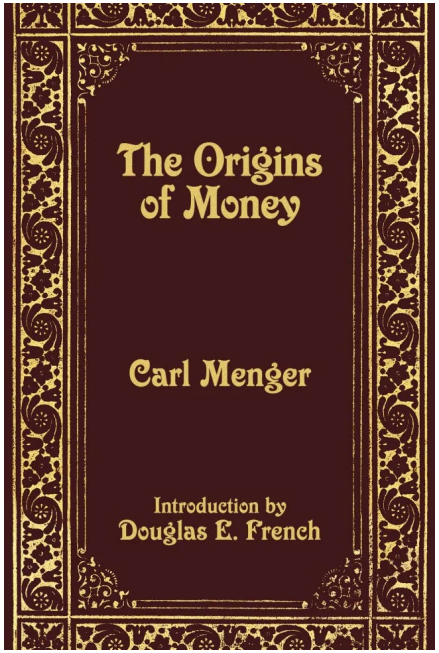

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Carl Menger (1840—1921)

GRUNDSÄTZE

DER

VOLKSWIRTHSCHAFTSLEHRE.

VON

Dr. CARL MENGER.

WIEN 1871.

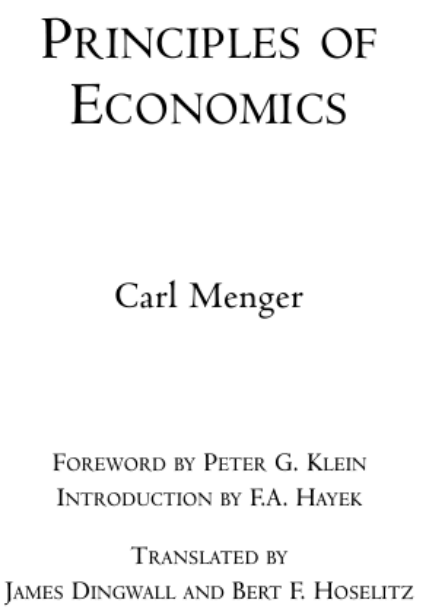
WILHELM BRAUMÜLLER

K. K. HOF- UND UNIVERSITÄTSBUCHHÄNDLER.

Damit ein Ding ein Gut werde, oder mit andern Worten, damit es die Güterqualität erlange, ist demnach das Zusammentreffen folgender vier Voraussetzungen erforderlich:

1. Ein menschliches Bedürfniss.
2. Solche Eigenschaften des Dinges, welche es tauglich machen, in ursächlichen Zusammenhang mit der Befriedigung dieses Bedürfnisses gesetzt zu werden.
3. Die Erkenntniss dieses Causal-Zusammenhanges Seitens der Menschen.
4. Die Verfügung über dies Ding, so zwar, dass es zur Befriedigung jenes Bedürfnisses thatsächlich herangezogen werden kann.

Carl Menger (1840—1921)



If a thing is to become a good, or in other words, if it is to acquire goods-character, all four of the following prerequisites must be simultaneously present:

1. A human need.
2. Such properties as render the thing capable of being brought into a causal connection with the satisfaction of this need.
3. Human knowledge of this causal connection.
4. Command of the thing sufficient to direct it to the satisfaction of the need.

Only when all four of these prerequisites are present simultaneously can a thing become a good. When even one of them is absent, a thing cannot acquire goods-character,[3] and a thing already possessing goods-character would lose it at once if but one of the four prerequisites ceased to be present.[4]

Carl Menger (1840—1921)

Μετάφραση: Βασίλειος Ν. Γαργάλας
Αθήνα, Ηρόδοτος, 2007

Carl Menger (1840—1921)

§. 2.

Ueber den Causal-Zusammenhang der Güter.

Der Kreis der Dinge, deren Güterqualität wir anerkennen, ist jedoch hiemit nicht abgeschlossen. Neben diesen Gütern, die wir um der Kürze des Ausdruckes willen im weiteren Verlauf der Darstellung: „Güter der ersten Ordnung" nennen werden, begegnen wir vielmehr in der Wirthschaft der Menschen einer grossen Anzahl anderer Dinge, die in keinerlei unmittelbaren Causal-Zusammenhang mit der Befriedigung unserer Bedürfnisse gesetzt werden können, und deren Güterqualität doch nicht minder feststeht als jene der Güter erster Ordnung. So sehen wir auf unseren Märkten neben dem Brote, und unter anderen zur unmittelbaren Befriedigung menschlicher Bedürfnisse tauglichen Gütern, auch Quantitäten von Mehl, Brennstoffen, Salz; wir hiezu geeignet sind. In gleicher Weise verhält es sich aber mit tausend anderen Dingen, die ohne die Tauglichkeit zu besitzen, in unmittelbarer Weise menschliche Bedürfnisse zu befriedigen, doch zur Hervorbringung von Gütern erster Ordnung dienen und so in einen mittelbaren Causal-Zusammenhang mit der Befriedigung menschlicher Bedürfnisse gesetzt werden können. Es ist aber damit zugleich auch dargethan, dass das Verhältniss, welches die Güterqualität dieser und ähnlicher Dinge, die wir Güter zweiter Ordnung nennen, begründet, seinem Wesen nach ganz dasselbe ist, wie das der Güter erster Ordnung, denn der hier obwaltende Unterschied, dass die Güter erster Ordnung in unmittelbarer, die Güter zweiter Ordnung aber in mittelbarer Causal-Beziehung zur Befriedigung unserer Bedürfnisse stehen, bewirkt keinen Unterschied in dem Wesen jenes Verhältnisses, weil die Voraussetzung der Güterqualität wohl der Causal-Zusammenhang, nicht aber nothwendigerweise der unvermittelte Causalnexus zwischen den Dingen und der Befriedigung menschlicher Bedürfnisse ist.

Goods of 1st, 2nd, 3rd, etc. order

Carl Menger (1840—1921)

2.

The Causal Connections Between Goods

Our well-being at any given time, to the extent that it depends upon the satisfaction of our needs, is assured if we have at our disposal the goods required for their direct satisfaction. If, for example, we have the necessary amount of bread, we are in a position to satisfy our need for food directly. The causal connection between bread and the satisfaction of one of our needs is thus a direct one, and a testing of the goods-character of bread according to the principles laid down in the preceding section presents no difficulty. The same applies to all other goods that may be used directly for the satisfaction of our needs, such as beverages, clothes, jewelry, etc.

But we have not yet exhausted the list of things whose goods-character we recognize. For in addition to goods that serve our needs directly (and which will, for the sake of brevity, henceforth be called "goods of first order") we find a large number of other things in our economy that cannot be put in any direct causal connection with the satisfaction of our needs, but which possess goods-character no less certainly than goods of first order. In our markets, next to bread and other goods capable of satisfying human needs directly, we also see quantities of flour, fuel, and salt. We find that implements and tools for the production of bread, and the skilled labor services necessary for their use, are regularly traded. All these things, or at any rate by far the greater number of them, are incapable of satisfying human needs in any direct way—for what human need could be satisfied by a specific labor service of a journeyman baker, by a baking utensil, or even by a quantity of ordinary flour? That these things are nevertheless treated as goods in human economy, just like goods of first order, is due to the fact that they serve to produce bread and other goods of first order, and hence are indirectly, even if not directly, capable of satisfying human needs. The same is true of thousands of other things that do not have the capacity to satisfy human needs directly, but which are nevertheless used for the production of goods of first order, and can thus be put in an indirect causal connection with the satisfaction of human needs. These considerations prove that the relationship responsible for the goods-character of these things, which we will call goods of *second* order, is fundamentally the same as that of goods of first order. The fact that goods of first order have a direct and goods of second order an indirect causal relation with the satisfaction of our needs gives rise to no difference in the essence of that relationship, since the requirement for the acquisition of goods-character is the existence of some causal connection, but not necessarily one that is direct, between things and the satisfaction of human needs.

At this point, it could easily be shown that even with these goods we have not exhausted the list of things whose goods-character we recognize, and that, to continue our earlier example, the grain mills, wheat, rye, and labor services applied to the production of flour, etc., appear as goods of *third* order, while the fields, the instruments and appliances necessary for their cultivation, and the specific labor services of farmers, appear as goods of *fourth* order. I think, however, that the idea I have been presenting is already sufficiently clear.

Goods of 1st, 2nd, 3rd, etc. order

Carl Menger (1840—1921)

Die zehn Scalen, die sich solcherart ergeben, sind in dem Folgenden veranschaulicht:

I	II	III	IV	V	VI	VII	VIII	IX	X
10	9	8	7	6	5	4	3	2	1
9	8	7	6	5	4	3	2	1	0
8	7	6	5	4	3	2	1	0	
7	6	5	4	3	2	1	0		
6	5	4	3	2	1	0			
5	4	3	2	1	0				
4	3	2	1	0					
3	2	1	0						
2	1	0							
1	0								
0									

Carl Menger (1840—1921)

The ten scales obtained in this way are given in the following table:[8]

I	II	III	IV	V	VI	VII	VIII	IX
10	9	8	7	6	5	4	3	2
9	8	7	6	5	4	3	2	1
8	7	6	5	4	3	2	1	0
7	6	5	4	3	2	1	0	
6	5	4	3	2	1	0		
5	4	3	2	1	0			
4	3	2	1	0				
3	2	1	0					
2	1	0						
1	0							
0								

Suppose that the scale in column I expresses the importance to some one individual of satisfaction of his need for food, this importance diminishing according to the degree of satisfaction already attained, and that the scale in column V expresses similarly the importance of his need for tobacco. It is evident that satisfaction of his need for food, up to a certain degree of completeness, has a decidedly higher importance to this individual than satisfaction of his need for tobacco. But if his need for food is already satisfied up to a certain degree of completeness (if, for example, a further satisfaction of his need for food has only the importance to him that we designated numerically by the figure 6), consumption of tobacco begins to have the same importance to him as further satisfaction of his need for food. The individual will therefore endeavor, from this point on, to bring the satisfaction of his need for tobacco into equilibrium with satisfaction of his need for food. Although satisfaction of his need for food in general has a substantially higher importance to the individual in question than satisfaction of his need for tobacco, with the progressive satisfaction of the former a stage nevertheless comes (as is illustrated in the table) at which further acts of satisfaction of his need for food have a smaller

Carl Menger (1840—1921)

DIE

IRRTHÜMER DES HISTORISMUS

IN DER

DEUTSCHEN NATIONALÖKONOMIE.

Von

Dr. CARL MENGER,

WIEN, 1884.
ALFRED HÖLDER,
K. K. HOF- UND UNIVERSITÄTS-BUCHHÄNDLER,

Untersuchungen

über die

Methode der Socialwissenschaften,

und der

Politischen Oekonomie

insbesondere.

Von

Dr. Carl Menger,

Leipzig,
Verlag von Duncker & Humblot.
1883.

ZUR KRITIK

DER

POLITISCHEN OEKONOMIE.

Von

PROF. KARL MENGER.

WIEN, 1887.
ALFRED HÖLDER,
K. K. HOF- UND UNIVERSITÄTS-BUCHHÄNDLER,

Carl Menger (1840—1921)

Die Schriften von K. Menger und W. Dilthey zur Methodologie der Staats- und Sozial-Wissenschaften [1]).

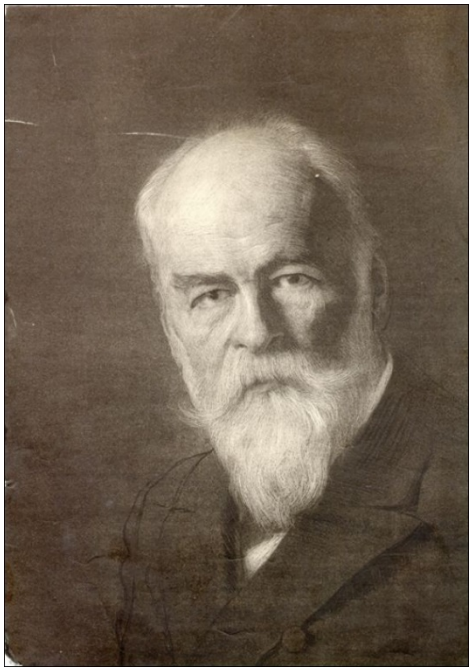
(1883.)

Die zwei Schriften, die ich hier nenne, liegen nach Richtung, Geistesart und Individualität der Autoren außerordentlich weit auseinander. Sie kamen für mich zunächst in die äußere Verbindung, daß ich sie beide in dem Augenblicke erhielt, als ich mich rüstete, nach längerer Unterbrechung meine Vorlesung über Methodologie der Staatswissenschaften wieder zu halten, und so Veranlassung nahm, sie beide nach einander zu lesen. Und da immerhin die innere Verbindung vorliegt, daß sie beide unseren Wissenschaften die Wege ebnen und weisen wollen, so schien es mir angezeigt, über sie zusammen zu berichten, wenn auch überwiegend in der bescheidenen Form einer Inhaltsanzeige, da mir zu einer erschöpfenden Besprechung und Erörterung der von beiden Schriftstellern aufgeworfenen Probleme die Zeit und bezüglich des Diltheyschen Buches auch noch manches andere fehlt. Nur bei Menger kann ich die Polemik nicht ganz zurückhalten, da seine Angriffe mich teilweise persönlich mittreffen.

[1]) Menger, Dr. Karl, ordentlicher öff. Professor der Staatswissenschaften an der Wiener Universität, Untersuchungen über die Methode der Sozialwissenschaften und der politischen Ökonomie insbesondere. Leipzig 1883, Duncker & Humblot.

Dilthey, Wilhelm, Prof. der Philosophie an der Universität Berlin, Einleitung in die Geisteswissenschaften, Versuch einer Grundlegung für das Studium der Gesellschaft und der Geschichte. Erster Band. Leipzig 1883, Duncker & Humblot.

18*



Gustav von Schmoller (1838 – 1917)

Methodenstreit

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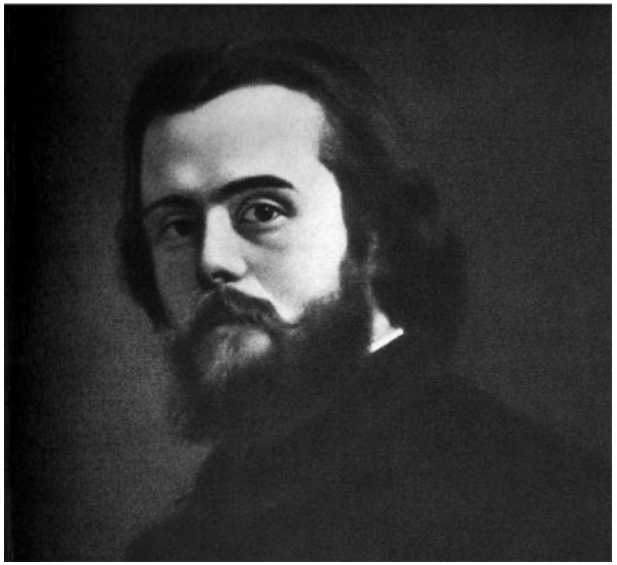

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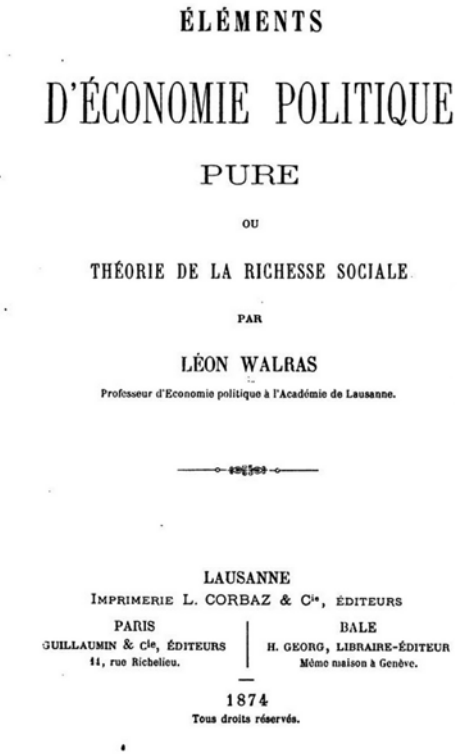

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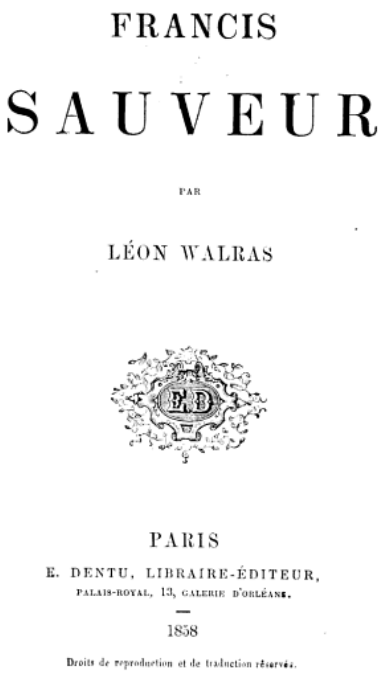

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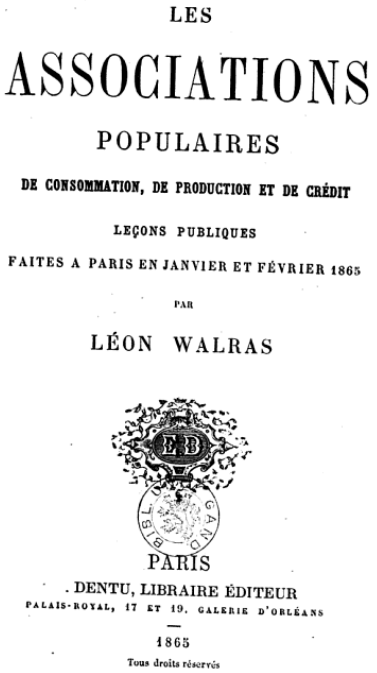

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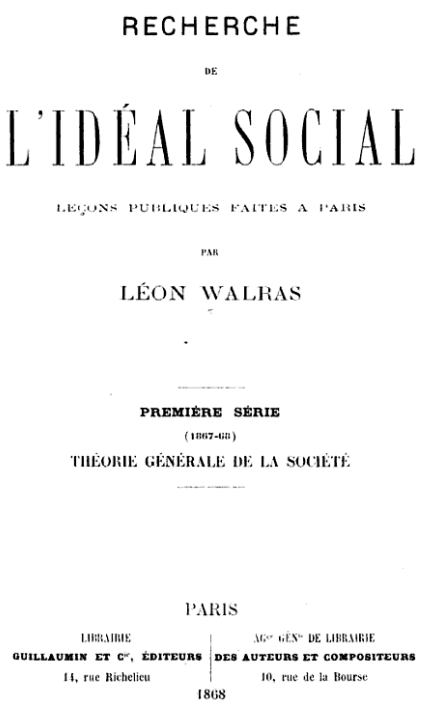

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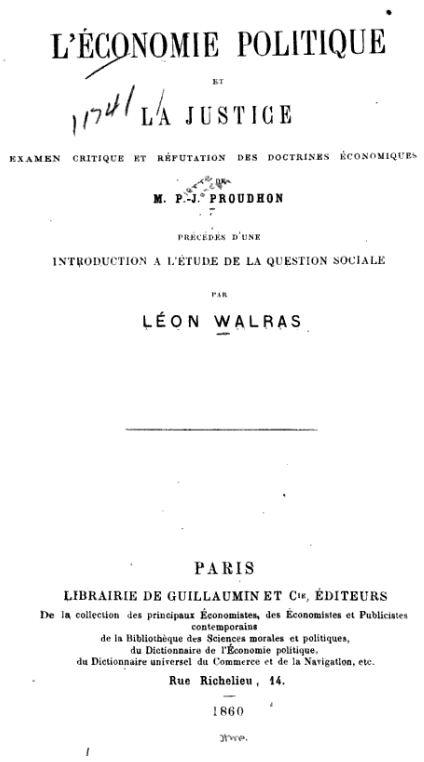

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ET
LA JUSTICE

EXAMEN CRITIQUE ET RÉFUTATION DES DOCTRINES ÉCONOMIQUES

M. P.-J. PROUDHON

PRÉCÉDÉS D'UNE

INTRODUCTION A L'ÉTUDE DE LA QUESTION SOCIALE

PAR

LÉON WALRAS

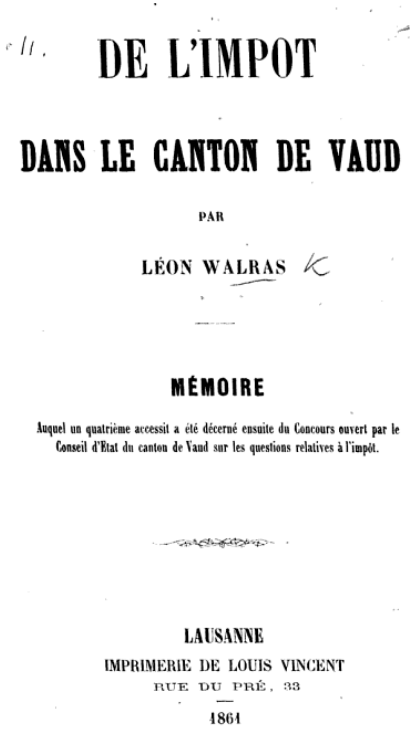
PARIS

LIBRAIRIE DE GUILLAUMIN ET Cie, ÉDITEURS

De la collection des principaux Économistes, des Économistes et Publicistes contemporains
de la Bibliothèque des Sciences morales et politiques,
du Dictionnaire de l'Économie politique,
du Dictionnaire universel du Commerce et de la Navigation, etc.

Rue Richelieu, 14.

1860



DE L'IMPOT

DANS LE CANTON DE VAUD

PAR

LÉON WALRAS

MÉMOIRE

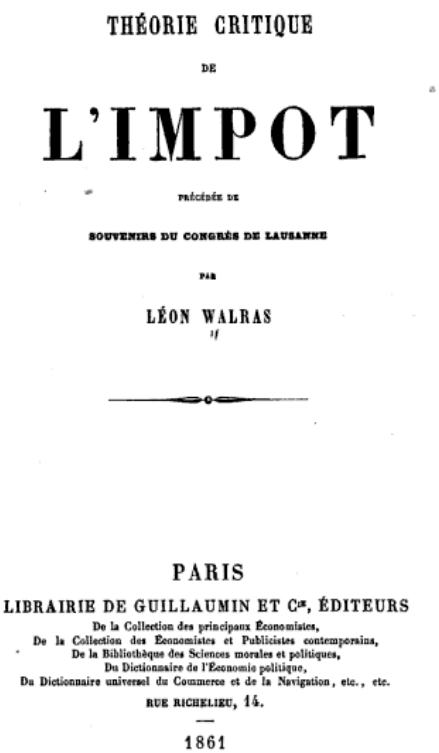
Auquel un quatrième accessit a été décerné ensuite du Concours ouvert par le Conseil d'État du canton de Vaud sur les questions relatives à l'impôt.

LAUSANNE

IMPRIMERIE DE LOUIS VINCENT

RUE DU PRÉ, 33

1861



THÉORIE CRITIQUE

DE

L'IMPOT

PRÉCÉDÉE DE

SOUVENIRS DU CONGRÈS DE LAUSANNE

PAR

LÉON WALRAS

PARIS

LIBRAIRIE DE GUILLAUMIN ET Cie, ÉDITEURS

De la Collection des principaux Économistes,
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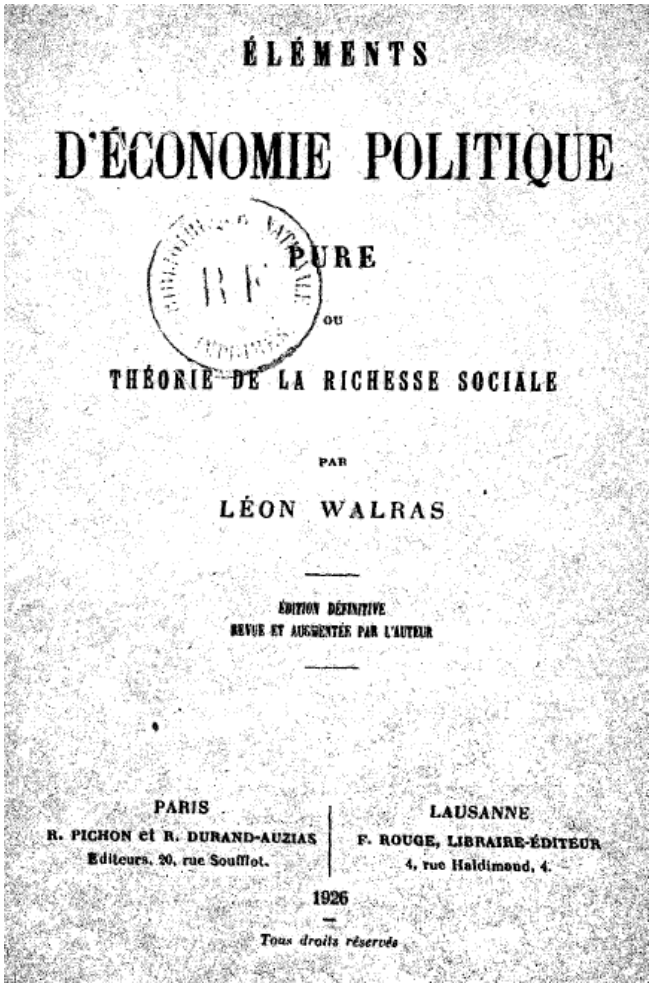
RUE RICHELIEU, 14.

1861

Léon Walras (1834-1910)



ÉLÉMENTS

D'ÉCONOMIE POLITIQUE

PURE

OU

THÉORIE DE LA RICHESSE SOCIALE

PAR

LÉON WALRAS

ÉDITION DÉFINITIVE
REVUE ET AUGMENTÉE PAR L'AUTEUR

PARIS
R. PICHON et R. DURAND-AUZIAS
Éditeurs, 20, rue Soufflot.

LAUSANNE
F. ROUGE, LIBRAIRE-ÉDITEUR
4, rue Haldimand, 4.

1926

Tous droits réservés

L'économie politique pure est essentiellement la théorie de la détermination des prix sous un régime hypothétique de libre concurrence absolue[1]. L'ensemble de toutes les choses, matérielles ou immatérielles, qui sont susceptibles d'avoir un prix parce qu'elles sont *rares*, c'est-à-dire à la fois *utiles* et *limitées en quantité*, forme la *richesse sociale*. C'est pourquoi l'économie politique pure est aussi la *théorie de la richesse sociale*.

11me LEÇON

Problème de l'échange de plusieurs marchandises entre elles. Théorème de l'équilibre général.

Léon Walras (1834-1910)

Persons: $i=1,2,\ldots,n$
Goods: $j=1,2,\ldots,m$

Ainsi, nous sommes amenés à formuler de la manière suivante la loi d'établissement des prix d'équilibre dans le cas de l'échange de plusieurs marchandises entre elles avec intervention de numéraire : — *Plusieurs marchandises étant données, dont l'échange se fait avec intervention de numéraire, pour qu'il y ait équilibre du marché à leur égard, ou prix stationnaire de toutes ces marchandises en numéraire, il faut et il suffit qu'à ces prix la demande effective de chaque marchandise soit égale à son offre effective. Lorsque cette égalité n'existe pas, il faut, pour arriver aux prix d'équilibre, une hausse du prix des marchandises dont la demande effective est supérieure à l'offre effective et une baisse du prix de celles dont l'offre effective est supérieure à la demande effective.*

$$\overline{\mathbf{x}}^i = \left(\overline{x}_1^i \quad \ldots \quad \overline{x}_j^i \quad \ldots \quad \overline{x}_m^i \right)$$

Initial endowments of person *i*

Léon Walras (1834-1910)

$$\overline{\mathbf{X}} = \begin{bmatrix} \overline{x}_1^1 & \cdots & \overline{x}_j^1 & \cdots & \overline{x}_m^1 \\ \vdots & \ddots & \vdots & \iddots & \vdots \\ \overline{x}_1^i & \cdots & \overline{x}_j^i & \cdots & \overline{x}_m^i \\ \vdots & \iddots & \vdots & \ddots & \vdots \\ \overline{x}_1^n & \cdots & \overline{x}_j^n & \cdots & \overline{x}_m^n \end{bmatrix}$$

Crieur, auctioneer

$$\mathbf{p}^h = \begin{bmatrix} 1 & \cdots & p_j^h & \cdots & p_m^h \end{bmatrix}$$

Léon Walras (1834-1910)

$$\max_{x_j^i} \mathrm{U}^i\left(x_1^i,\ldots,x_j^i\ldots,x_m^i\right)$$

$$subj. \quad \sum_{j=1}^{m} p_j^h \bar{x}_j^i \geq \sum_{1}^{m} p_j^h x_j^i$$

$$\bar{X}_j > X_j \Rightarrow p_j^h \downarrow$$

$$\bar{X}_j < X_j \Rightarrow p_j^h \uparrow$$

Tâtonnement

Numéraire

$$\bar{X}_j = \sum_{i=1}^{n} \bar{x}_j^i \neq X_j = \sum_{i=1}^{n} x_j^i$$

$$\mathbf{p}^* = \begin{bmatrix} 1 & \ldots & p_j^* & \ldots & p_m^* \end{bmatrix}$$

$$\mathbf{p}^k = \begin{bmatrix} 1 & \ldots & p_j^k & \ldots & p_m^k \end{bmatrix}$$

$$\bar{X}_j = \sum_{i=1}^{n} \bar{x}_j^i = X_j = \sum_{i=1}^{n} x_j^i \quad \forall j = 1,2,\ldots,\mathrm{m}$$

Léon Walras (1834-1910)

Entrepreneur: « Ni bénéfice, ni perte »

Bons (coupons, contingent contracts)

$$\max \pi^l = \sum_{j=1}^{m} p_j x_j^l - \sum_{k=1}^{q} p_k x_k^l = 0$$

$$\max U^i = \left(x_1^i, \ldots, x_j^i, \ldots, x_m^i \right)$$

Subject to

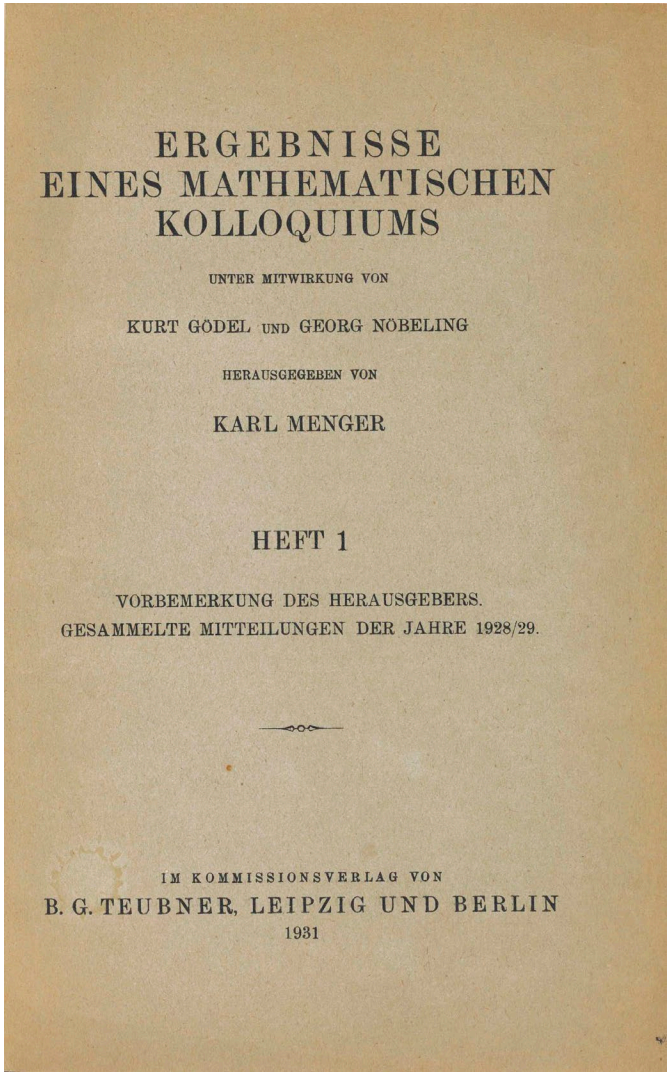
$$\sum_{j=1}^{m} p_j x_j^i \leq \sum_{k=1}^{q} p_k \bar{x}_k^i$$

Persons: i=1,2,…,n
Goods: j=1,2,…,m
Factors of production: k=1,2,…,q
Entrepreneurs: l=1,2,…,r

Vienna Kolloquium 1928-1936

Karl Menger

Karl Menger
(1902-1985)


ERGEBNISSE
EINES MATHEMATISCHEN
KOLLOQUIUMS

UNTER MITWIRKUNG VON

KURT GÖDEL UND GEORG NÖBELING

HERAUSGEGEBEN VON

KARL MENGER

HEFT 1

VORBEMERKUNG DES HERAUSGEBERS.
GESAMMELTE MITTEILUNGEN DER JAHRE 1928/29.

IM KOMMISSIONSVERLAG VON
B. G. TEUBNER, LEIPZIG UND BERLIN
1931

Vienna Kolloquium 1928-1936

Abraham Wald
(1902-1950)

Karl Schlesinger
(1889 –1938)

Kurt Gödel
(1906-1978)

John von Neumann
(1903-1957)

Vienna Kolloquium 1928-1936

Wald: *Über die eindeutige positive Lösbarkeit der neuen Produktionsgleichungen.*

Theorem: *Das Gleichungssystem (Sch)*

$$r_i = \sum_{j=1}^{n} a_{ij} s_j + \ddot{u}_i \,(i=1,\ldots,m),\ \sigma_j = \sum_{i=1}^{m} a_{ij} \rho_i,\ \sigma_j = f_j(s_j),\ (j=1,\ldots,n),$$

in welchem die r_i und a_{ij} gegebene Zahlen, die f_j bekannte Funktionen, die $\ddot{u}_i$, ρ_i, s_j, σ_j unbekannte Zahlen sind, besitzt, wenn folgende vier Annahmen gemacht werden:

1. $r_i > 0$ $(i=1,\ldots,m)$.
2. $a_{ij} \geqq 0$ $(i=1,\ldots,m;\ j=1,\ldots,n)$.
3. *Zu jedem j $(j=1,\ldots,n)$ gibt es mindestens ein i $(i=1,\ldots,m)$, so daß $a_{ij} \neq 0$.*
4. *Für jede der Zahlen $j=1,\ldots,n$ ist die Funktion $f_j(s_j)$ für jeden positiven Wert von s_j definiert, nicht negativ, stetig und im schärferen Sinne monoton abnehmend,* d. h. aus $s_j' < s_j$ folgt stets $f_j(s_j') > f_j(s_j)$; *ferner gilt* $\lim_{s_j=0} f_j(s_j) = \infty$.

Bericht über des Kolloquium 1934/35.

80. Kolloquium (6. XI. 1934).

Über die Produktionsgleichungen der ökonomischen Wertlehre (II. Mitteilung). Von A. Wald.

In der ersten Mitteilung in Heft 6, S. 12, dieser Ergebnisse (im Folgenden mit P I zitiert) wurde von einem modifizierten System der Walras-Casselschen Produktionsgleichungen unter gewissen Voraussetzungen eindeutige nicht-negative Lösbarkeit nachgewiesen. In dieser Mitteilung wird die Lösbarkeit schon unter viel schwächeren Voraussetzungen bewiesen.

74. Kolloquium. (19. III. 1934.)

Karl Schlesinger (Wien): *Über die Produktionsgleichungen der ökonomischen Wertlehre.*

Zur Bestimmung der Preise der Produktionsmittel und der herzustellenden Mengen von Produkten auf Grund der gegebenen Mengen der Produktionsmittel und bekannter Daten (betreffend erstens die Arten produktiver Verwendungen der Produktionsmittel und zweitens die Abhängigkeit der Preise der Produkte von den produzierten Produktmengen) hat Walras ein Gleichungssystem aufgestellt, welches durch Cassel in einer vereinfachten Form popularisiert worden ist. Sind $R_1, \ldots, R_m$ Produktionsmittel, durch deren verschiedene Kombination n Produkte $S_1, \ldots, S_n$ hergestellt werden können, und zwar derart, daß, um eine Einheit des Produktes S_j zu produzieren, a_{1j} Einheiten des Produktionsmittels R_1, a_{2j} Einheiten des Produktionsmittels $R_2, \ldots$ und a_{mj} Einheiten des Produktionsmittels R_m verwendet werden müssen (für $j=1,2,\ldots,n$), und weiß man, daß der Preis einer Einheit des Produktes S_j, falls s_1 Einheiten von $S_1, \ldots, s_n$ Einheiten von S_n produziert werden, $f_j(s_1, \ldots, s_n)$ beträgt, stehen ferner dem Produzenten r_i Einheiten des Produktionsmittels R_i zur Verfügung $(i=1,\ldots,m)$, so lauten die $m+2n$

Vienna Kolloquium 1928-1936

Über ein ökonomisches Gleichungssystem und eine Verallgemeinerung des Brouwerschen Fixpunktsatzes.

Von J. v. Neumann (Princeton, N. J.).

Der Gegenstand dieser Note ist die Auflösung eines typischen ökonomischen Gleichungssystems. Dasselbe hat die folgenden Eigenschaften:

(1) Die Güter werden nicht bloß aus den „natürlichen Produktionsfaktoren", sondern in erster Linie *auseinander* hergestellt, u. zw. können die Produktionsprozesse *zirkelhaft* sein, d. h. Gut G_1 wird mit Hilfe von Gut G_2 erzeugt, und G_2 mit Hilfe von G_1.

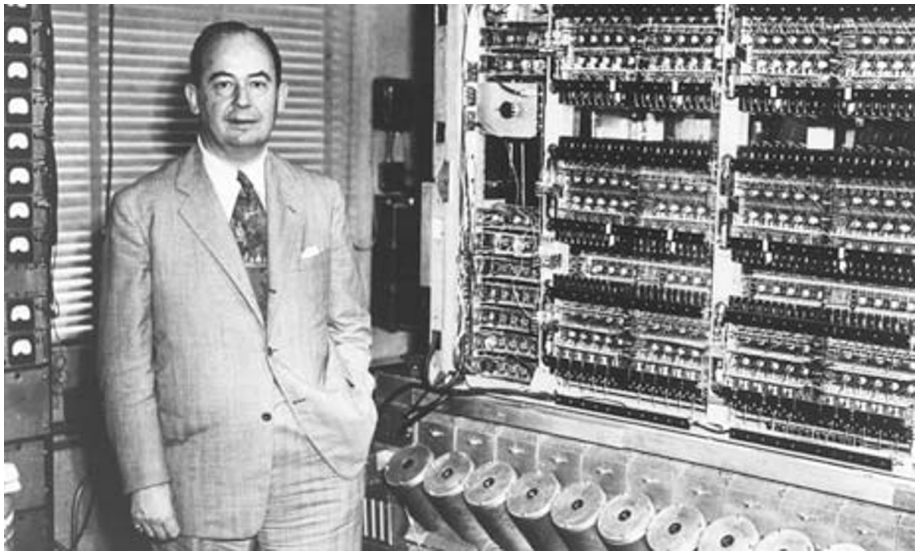
(2) Es sind unter Umständen mehr technisch mögliche Produktionsprozesse als Güter da. Die landläufige Methode des „Gleichungen-Abzählens" versagt also. Entscheidend ist vielmehr, herauszufinden, welche Prozesse wirklich Verwendung finden werden, und welche (als „unrentabel") nicht.

Um (1), (2) ganz rein diskutieren zu können, werden wir andere Elemente der Situation weitgehend idealisieren. (Vgl. §§ **1** bis **2**) Von diesen Idealisationen sind die meisten unwesentlich, aber wir wollen darauf hier nicht eingehen.

Unsere Fragestellung führt zwingend zu einem System von Ungleichheiten (3)—(8′) in § **3**, dessen Lösbarkeit gar nicht evident ist, d. h. durch *keinerlei qualitatives Argument bewiesen werden kann.* Der mathematische Beweis gelingt vielmehr erst mit Hilfe einer Verallgemeinerung des Brouwerschen Fixpunktssatzes, d. h. durch Verwendung recht tief liegender *topologischer* Tatsachen. Dieser verallgemeinerte Fixpunktssatz (der „Satz" von § **7**) ist auch an sich von Interesse.

Der Zusammenhang mit der Topologie mag zunächst recht überraschend sein, aber der Verf. glaubt, daß er in Problemen dieser Art naturgemäß ist. Das Auftreten eines gewissen „Minimax" Problems, wie es aus der Variationsrechnung wohlbekannt ist, ist der direkte Anlaß dazu. In unserem Problem ist das „Minimax" Problem in § **5** formuliert, es ist eng verwandt mit einem anderem, das in der Theorie der Gesellschaftsspiele auftritt. [Vgl. [2]) in § **6.**]

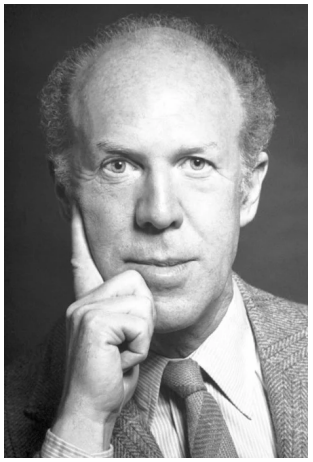
Eine direkte Interpretation der hierbei auftretenden Funktion $\Phi(X, Y)$ wäre sehr erwünscht. Ihre Rolle scheint jener der thermodynamischen Potentiale in der phänomenologischen Thermodynamik ähnlich zu sein und es ist zu vermuten, daß ihr auch in voller



John von Neumann
(1903-1957)

Arrow-Debreu 1954

Kenneth J. Arrow
(1921 –2017)



Gérard Debreu
(1921-2004)

Cowles Foundation Paper 87

Reprinted From
ECONOMETRICA, Journal of the Econometric Society, Vol. 22, No. 3, July, 1954
The University of Chicago, Chicago 37, Illinois, U.S.A.
Printed in U.S.A.

EXISTENCE OF AN EQUILIBRIUM FOR A COMPETITIVE ECONOMY

BY KENNETH J. ARROW AND GERARD DEBREU[1]

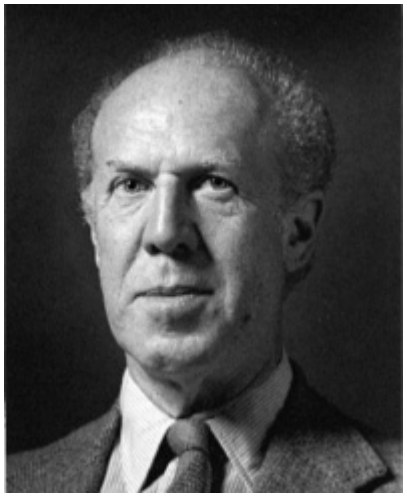
A. Wald has presented a model of production and a model of exchange and proofs of the existence of an equilibrium for each of them. Here proofs of the existence of an equilibrium are given for an *integrated* model of production, exchange and consumption. In addition the assumptions made on the technologies of producers and the tastes of consumers are significantly weaker than Wald's. Finally a simplification of the structure of the proofs has been made possible through use of the concept of an abstract economy, a generalization of that of a game.

INTRODUCTION

L. WALRAS [24] first formulated the state of the economic system at any point of time as the solution of a system of simultaneous equations representing the demand for goods by consumers, the supply of goods by producers, and the equilibrium condition that supply equal demand on every market. It was assumed that each consumer acts so as to maximize his utility, each producer acts so as to maximize his profit, and perfect competition prevails, in the sense that each producer and consumer regards the prices paid and received as independent of his own choices. Walras did not, however, give any conclusive arguments to show that the equations, as given, have a solution.

The investigation of the existence of solutions is of interest both for descriptive and for normative economics. Descriptively, the view that the competitive model is a reasonably accurate description of reality, at least for certain purposes, presupposes that the equations describing the model are consistent with each other. Hence, one check on the empirical usefulness of the model is the prescription of the conditions under which the equations of competitive equilibrium have a solution.

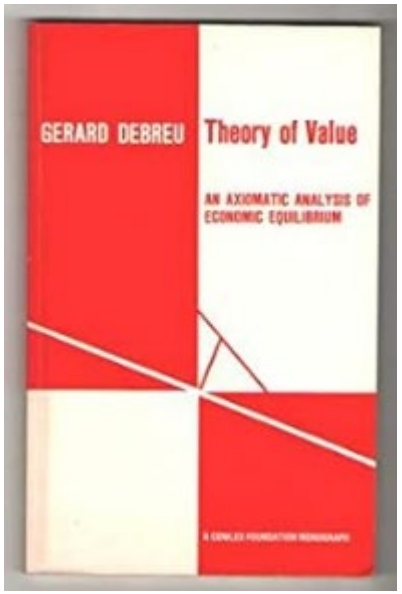
Gérard Debreu



Gérard Debreu
(1921-2004)

THEORY OF VALUE
An Axiomatic Analysis
Of Economic Equilibrium

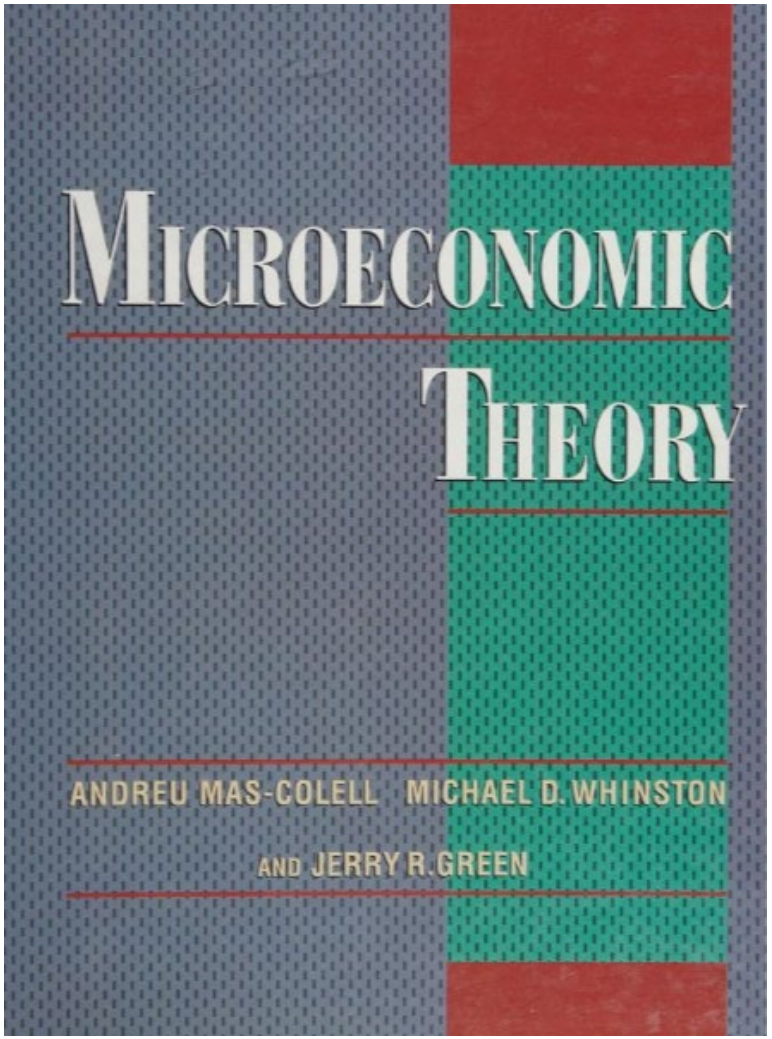
GERARD DEBREU



NEW HAVEN AND LONDON, YALE UNIVERSITY PRESS

1959

General Equilibrium



Microeconomic
Theory

Andreu Mas-Colell Michael D. Whinston
and
Jerry R. Green

New York Oxford OXFORD UNIVERSITY PRESS 1995

End of Lecture

MPhil (Econ.) & MSc (Political Economy)

Dept. of Economics

National and Kapodistrian University of Athens

Lecture 9: The consolidation of neoclassical economic theory

Nicholas J. Theocharakis

Objectives of the lecture

- To demonstrate the consolidation of neoclassical economic theory in Europe and America in the first decades after the marginal revolution
- To show the specific forms in which neoclassical theory developed in different countries, particularly in the European Union and in the European Union.
- To in the United Kingdom, the United States, Italy, Sweden and Austria

Contents

- **UK**
  - A. Marshall * F.Y. Edgeworth * Ph. Wicksteed * A.C. Pigou
- **USA**
  - J. B. Clark * I. Fisher
- **Italy**
  - M. Pantaleoni * E. Barone * V. Pareto
- **Sweden**
  - K. Wicksell * G. Cassel
- **Austria**
  - F. v. Wieser * E. v. Böhm-Bawerk

Belle époque

Belle époque
1871-1914

Queen Victoria
1837–1901

Edward VII
1901-1910

Expo Universelle 1901

Wilhelm I
1861-1888

Wilhelm II
1888-1918

Gilded Age

What an extraordinary episode in the economic progress of man that age was which came to an end in August 1914! The greater part of the population, it is true, worked hard and lived at a low standard of comfort, yet were, to all appearances, reasonably contented with this lot. But escape was possible, for any man of capacity or character at all exceeding the average, into the middle and upper classes, for whom life offered, at a low cost and with the least trouble, conveniences, comforts, and amenities beyond the compass of the richest and most powerful monarchs of other ages. The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep; he could at the same moment and by the same means adventure his wealth in the natural resources and new enterprises of any quarter of the world, and share, without exertion or even trouble, in their prospective fruits and advantages; or he could decide to couple the security of his fortunes with the good faith of the townspeople of any substantial municipality in any continent that fancy or information might recommend. He could secure forthwith, if he wished it, cheap and comfortable means of transit to any country or climate without passport or other formality, could despatch his servant to the neighbouring office of a bank for

such supply of the precious metals as might seem convenient, and could then proceed abroad to foreign quarters, without knowledge of their religion, language, or customs, bearing coined wealth upon his person, and would consider himself greatly aggrieved and much surprised at the least interference. But, most important of all, he regarded this state of affairs as normal, certain, and permanent, except in the direction of further improvement, and any deviation from it as aberrant, scandalous, and avoidable. The projects and politics of militarism and imperialism, of racial and cultural rivalries, of monopolies, restrictions, and exclusion, which were to play the serpent to this paradise, were little more than the amusements of his daily newspaper, and appeared to exercise almost no influence at all on the ordinary course of social and economic life, the internationalisation of which was nearly complete in practice.

THE ECONOMIC CONSEQUENCES OF THE PEACE

BY
JOHN MAYNARD KEYNES, C.B.
FELLOW OF KING'S COLLEGE, CAMBRIDGE

Neoclassical economics

Thorstein Veblen (1900): "The Preconceptions of Economic Science, III", *Quarterly Journal of Economics*, 14(2): 240-269

Tony Aspromourgos (1986): "On the origins of the term 'neoclassical'", Cambridge Journal of Economics, 10(3): 265–270

Neoclassical economics

This revision of the cost-of-production doctrine whereby it takes the form of a law of reciprocal demand is in good part effected by a consistent reduction of cost to terms of sacrifice,—a reduction more consistently carried through by Cairnes than it had been by earlier hedonists, and extended by Cairnes's successors with even more far-reaching results. By this step the doctrine of cost is not only brought into closer accord with the neo-hedonistic premises, in that it in a greater degree throws the stress upon the factor of personal discrimination, but it also gives the doctrine a more general bearing upon economic conduct and increases its serviceability as a comprehensive principle for the classification of economic phenomena. In the further elaboration of the hedonistic theory of value at the hands of Jevons and the Austrians the same principle of sacrifice comes to serve as the chief ground of procedure.

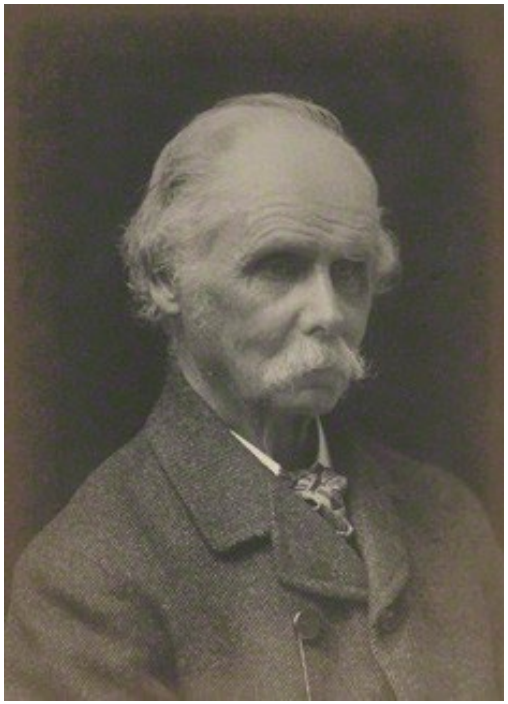
Of the foundations of later theory, in so far as the postulates of later economists differ characteristically from those of Mill and Cairnes, little can be said in this place. Nothing but the very general features of the later development can be taken up; and even these general features of the existing theoretic situation can not be handled with the same confidence as the corresponding features of a past phase of speculation. With respect to writers of the present or the more recent past the work of natural selection, as between variants of scientific aim and animus and between more or less divergent points of view, has not yet taken place; and it would be over-hazardous to attempt an anticipation of the results of the selection that lies in great part yet in the future. As regards the directions of theoretical work suggested by the names of Professor Marshall, Mr. Cannan, Professor Clark, Mr. Pierson, Professor Loria, Professor Schmoller, the Austrian group,—no off-hand decision is admissible as between these candidates for the honor, or, better, for the work, of continuing the main current of economic speculation and inquiry. No attempt will here be made even to pass a verdict on the relative claims of the recognized two or three main "schools" of theory, beyond the somewhat obvious finding that, for the purpose in hand, the so-called Austrian school is scarcely distinguishable from the neo-classical, unless it be in the different distribution of emphasis. The divergence between the modernized classical views, on the one hand, and the historical and Marxist schools, on the other hand, is wider,—so much so, indeed, as to bar out a consideration of the postulates of the latter under the same head of inquiry with the former. The inquiry, therefore, confines itself to the one line standing most obviously in unbroken continuity with that body of classical economics whose life history has been traced in outline above. And, even for this phase of modernized classical economics, it seems necessary to limit discussion, for the present, to a single strain, selected as standing peculiarly close to the classical source, at the same time that it shows unmistakable adaptation to the later habits of thought and methods of knowledge.

United Kingdom

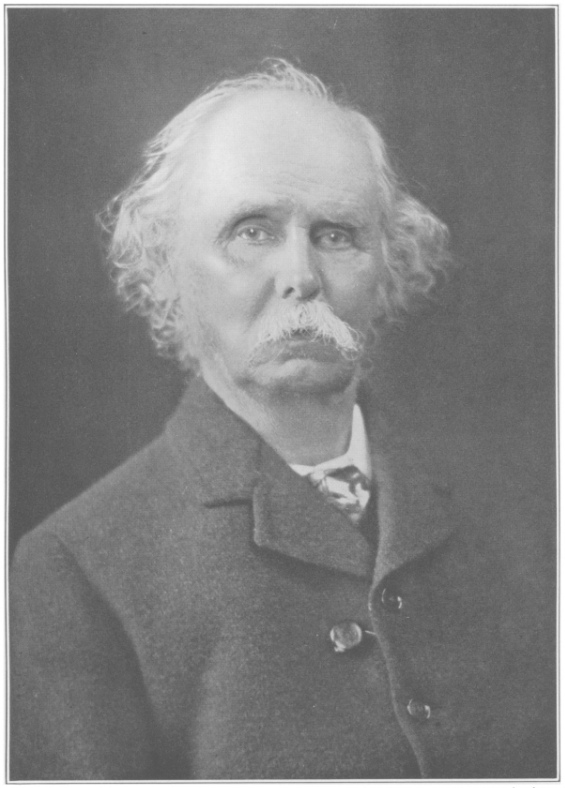
Alfred Marshall (1842-1924)

Alfred Marshall, First professor of political economy and first principal of University College Bristol

Photo: University of Bristol Library, Special Collections

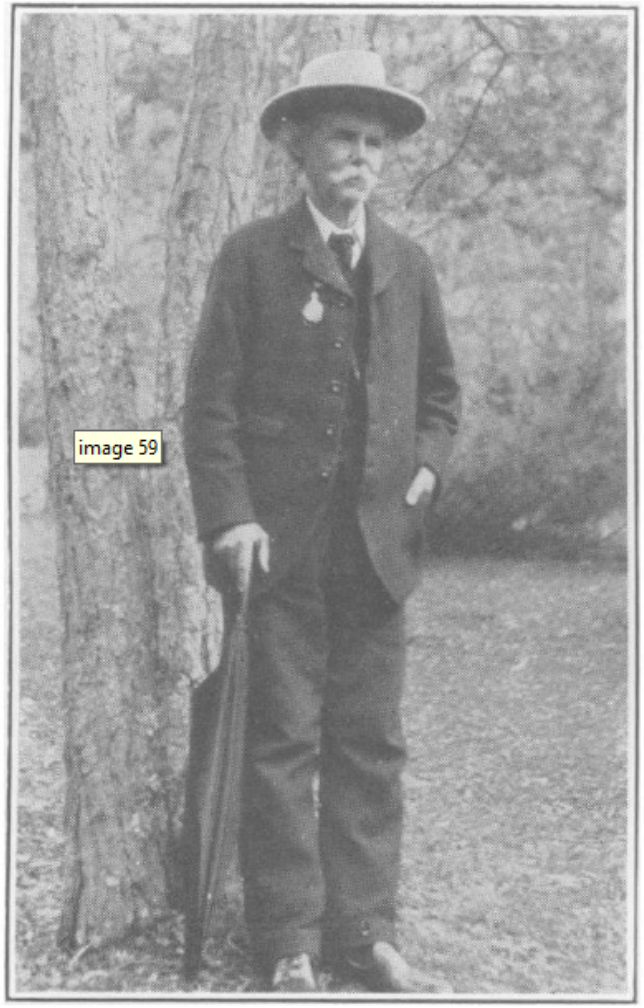


by Walter Stoneman
platinum print, 1917, NPG

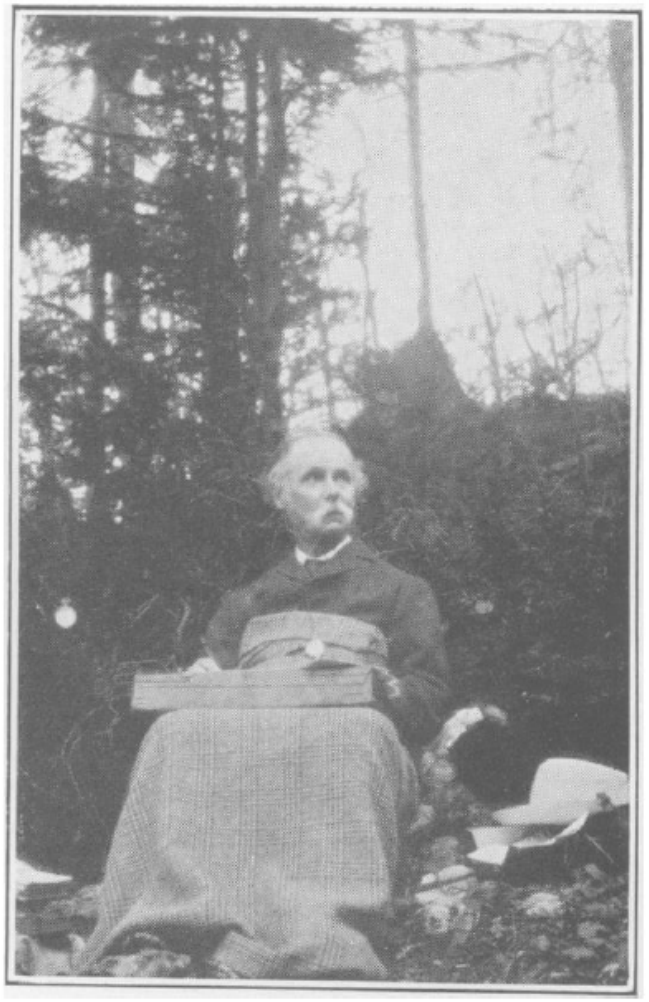


Frontispiece.

ALFRED MARSHALL, 1921.



1913.



(In the Tyrol) 1909.

ALFRED MARSHALL.

Alfred Marshall (1842-1924)

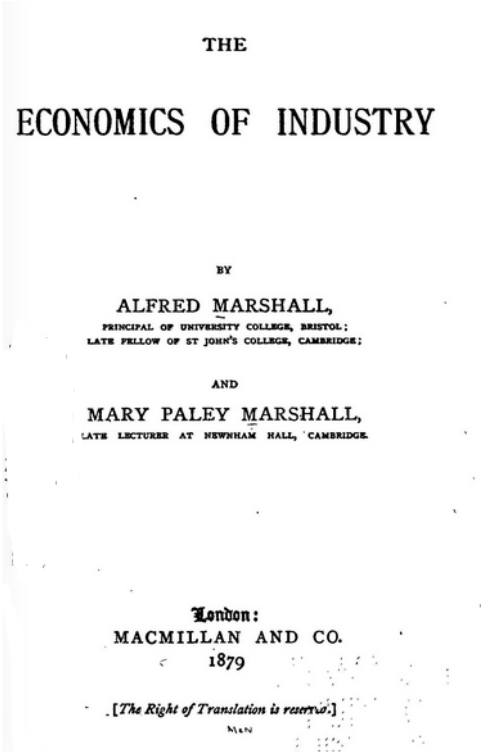
1865 Cambridge Mathematical Tripos
Fellow St John's College
1868 College Lecturer in Moral Sciences
1879 *Economics of Industry* with Mary Paley
1879-1881 Professor of Political Economy &
Principal at University College Bristol
1884 Cambridge Professor of Political Economy
1890 *Principles of Economics*
1919 *Industry and Trade*
1923 *Money, Credit and Commerce*

Mary Paley
Marshall
(1850-1944)

Royal Economic Society
Women and University
Economics Tripos

St John's College, Cambridge

Alfred Marshall (1842-1924)



THE

ECONOMICS OF INDUSTRY

BY

ALFRED MARSHALL,

PRINCIPAL OF UNIVERSITY COLLEGE, BRISTOL;
LATE FELLOW OF ST JOHN'S COLLEGE, CAMBRIDGE;

AND

MARY PALEY MARSHALL,

LATE LECTURER AT NEWNHAM HALL, CAMBRIDGE.

London:
MACMILLAN AND CO.
1879

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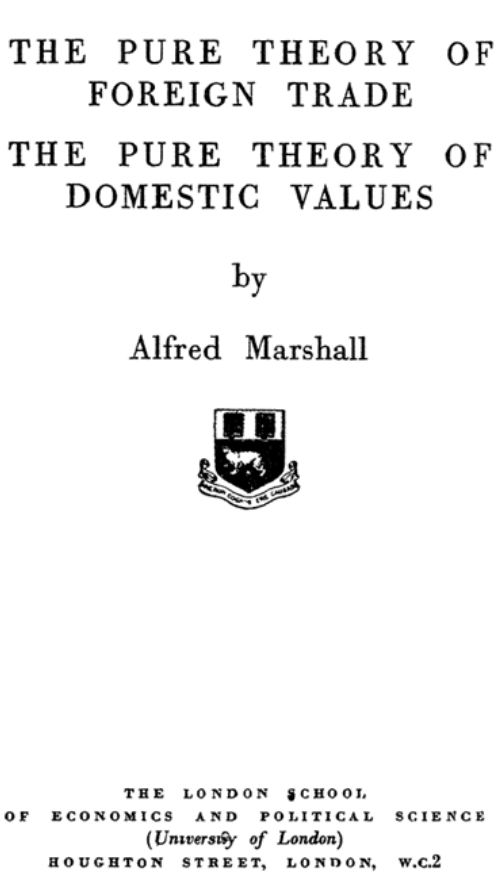


THE PURE THEORY OF
FOREIGN TRADE

THE PURE THEORY OF
DOMESTIC VALUES

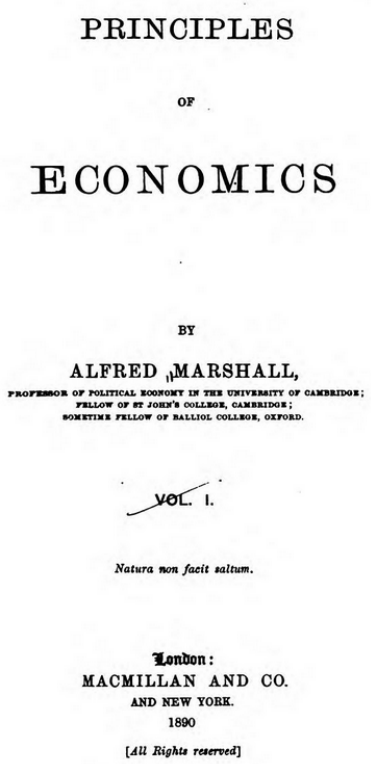
by

Alfred Marshall

THE LONDON SCHOOL
OF ECONOMICS AND POLITICAL SCIENCE
(*University of London*)
HOUGHTON STREET, LONDON, W.C.2

1879

Alfred Marshall (1842-1924)



PRINCIPLES

OF

ECONOMICS

BY

ALFRED MARSHALL,

PROFESSOR OF POLITICAL ECONOMY IN THE UNIVERSITY OF CAMBRIDGE;
FELLOW OF ST JOHN'S COLLEGE, CAMBRIDGE;
SOMETIME FELLOW OF BALLIOL COLLEGE, OXFORD.

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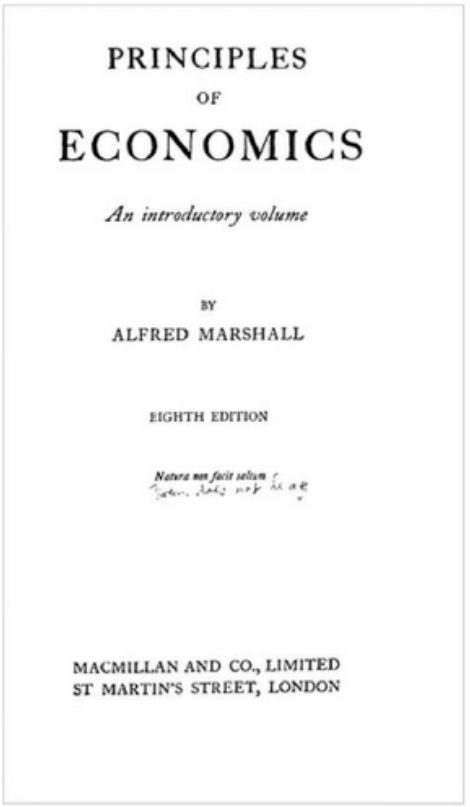


PRINCIPLES

OF

ECONOMICS

An introductory volume

BY

ALFRED MARSHALL

EIGHTH EDITION

Natura non facit saltum

MACMILLAN AND CO., LIMITED
ST MARTIN'S STREET, LONDON

1920
8th edition

Alfred Marshall (1842-1924)

INDUSTRY AND TRADE

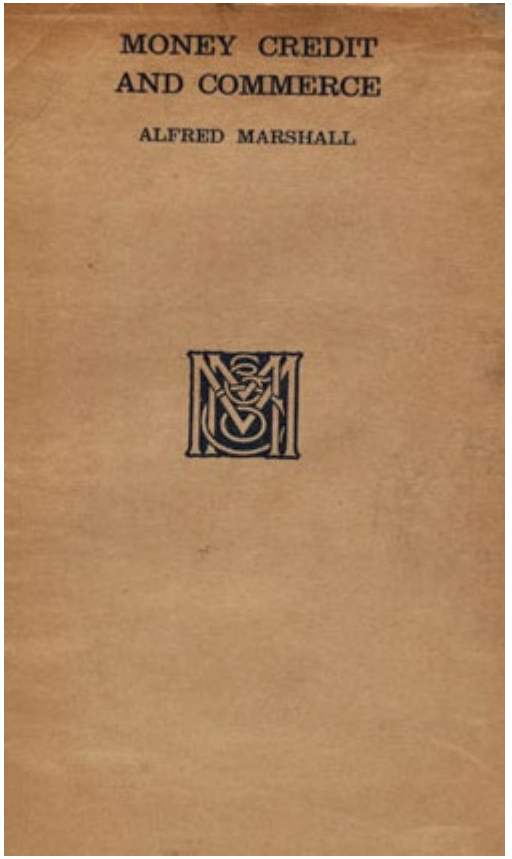
A study of industrial technique and business organization ; and of their influences on the conditions of various classes and nations

BY

ALFRED MARSHALL

The many in the one, the one in the many

MACMILLAN AND CO. LIMITED
ST MARTIN'S STREET, LONDON
1919



1923

Alfred Marshall (1842-1924)

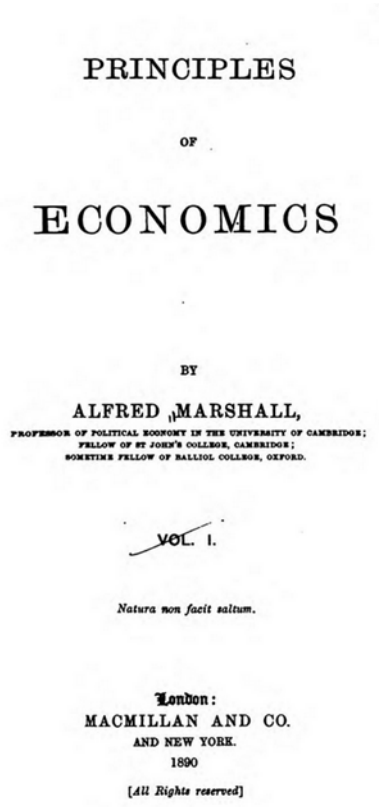
It will be my most cherished ambition, my highest endeavour, to do what with my poor ability and my limited strength I may, to increase the numbers of those, whom Cambridge, the great mother of strong men, sends out into the world with cool heads but warm hearts, willing to give some at least of their best powers to grappling with the social suffering around them; resolved not to rest content till they have done what in them lies to discover how far it is possible to open up to all the material means of a refined and noble life.

VI

THE PRESENT POSITION OF ECONOMICS (1885)[1]

[1] An inaugural lecture given by Professor Marshall after election to the professorship at Cambridge in 1885 in succession to Professor Fawcett.

Alfred Marshall (1842-1924)



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1890

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Equilibrium between supply and demand

Economic realism: A theory useful to laymen

Olive branch to the classics

Alfred Marshall (1842-1924)

PRINCIPLES

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BOOK I.

PRELIMINARY SURVEY.

CHAPTER I.

INTRODUCTION.

BOOK I. CH. I.

§ 1. POLITICAL ECONOMY, or ECONOMICS, is a study of man's actions in the ordinary business of life; it inquires how he gets his income and how he uses it. Thus it is on the one side a study of wealth and on the other, a more important side, a part of the study of man. For man's character has been moulded by his every-day work, and by the material resources which he thereby procures, more than by any other influence unless it be that of his religious ideals. In fact the two great forming agencies of the world's history have been the religious and the economic. Here and there the ardour of the military or the artistic spirit has been for a while predominant: but religious and economic influences have nowhere been displaced from the front rank even for a time; and they have nearly always been more important than all others put together. Religious motives are more intense than economic; but their direct action seldom extends over so large a part of life. For the business by which a person earns his livelihood generally fills his thoughts during by far the greater part of those hours in which his mind is at its best; during them his character is being formed by the way in which he uses his faculties in his work, by the thoughts and the feelings which it suggests, and by his

Economics is on one side a study of wealth and on the other a branch of the study of man.

The history of the world has in the main been shaped by religious and economic forces.

Man's character formed by his daily work.

M. 1

Alfred Marshall (1842-1924)

Ricardo's theory of cost of production in relation to value occupies so important a place in the history of economics that any misunderstanding as to its real character must necessarily be very mischievous; and unfortunately it is so expressed as almost to invite misunderstanding. In consequence there is a widely spread belief that it has needed to be reconstructed by the present generation of economists. Cause is shown in Appendix I for not accepting this opinion; and for holding on the contrary that the foundations of the theory as they were left by Ricardo remain intact; that much has been added to them, and that very much has been built upon them, but that little has been taken from them. It is there argued that he knew that demand played an essential part in governing value, but that he regarded its action as less obscure than that of cost of production, and therefore passed it lightly over in the notes which he made for the use of his friends, and himself; for he never essayed to write a formal treatise: also that he regarded cost of

Ricardo's theory of value.

Pace Jevons, Marshall does not think that Ricardo was wrong

Alfred Marshall (1842-1924)

Role of mathematics

In contrast, we have the famous letter to Arthur Bowley of 27 February 1906:

> But I know I had a growing feeling in the later years of my work at the subject that a good mathematical theorem dealing with economic hypothesis was very unlikely to be good economics: and I went more and more on the rules—(1) use mathematics as a short hand language, rather than as an engine of inquiry. (2) Keep to them till you have done. (3) Translate into English. (4) Then illustrate by examples that are important in real life. (5) Burn the mathematics. (6) If you can't succeed in four, burn three. This last I did often. . . . I think you should do all you can to prevent people from using mathematics in cases in which the English language is as short as the mathematical. (Groenewegen 1995, 413)

Although Marshall was a great mathematician, he did not believe that mathematics has a dominant role in economic theory

Alfred Marshall (1842-1924)

MATHEMATICAL APPENDIX.

NOTE I. (p. 93). The law of diminution of marginal utility may be expressed thus:—If u be the total utility of an amount x of a commodity to a given person at a given time, then marginal utility is measured by $\frac{du}{dx}.\delta x$; while $\frac{du}{dx}$ measures the *marginal degree* of utility. Jevons and some other writers use "Final utility" to indicate what Jevons elsewhere calls Final degree of utility. There is room for doubt as to which mode of expression is the more convenient: no question of principle is involved in the decision. Subject to the qualifications mentioned in the text $\frac{d^2u}{dx^2}$ is always negative.

NOTE II. (p. 96). If m is the amount of money or general purchasing power at a person's disposal at any time, and μ represents its total utility to him, then $\frac{d\mu}{dm}$ represents the marginal degree of utility of money to him.

If p is the price which he is just willing to pay for an amount x of the commodity which gives him a total pleasure u, then

$$\frac{d\mu}{dm}\Delta p = \Delta u; \text{ and } \frac{d\mu}{dm}\frac{dp}{dx} = \frac{du}{dx}.$$

If p' is the price which he is just willing to pay for an amount x' of another commodity, which affords him a total pleasure u', then

$$\frac{d\mu}{dm}.\frac{dp'}{dx'} = \frac{du'}{dx'};$$

and therefore

$$\frac{dp}{dx}:\frac{dp'}{dx'} = \frac{du}{dx}:\frac{du'}{dx'}.$$

The Mathematical Appendix:
Principles of Economics

Alfred Marshall (1842-1924)

Figures relegated to footnotes

outrun the difficulties of some very real and practical problems of value. For indeed the demand and supply schedules do not

[1] Compare V. I. 1. To represent the equilibrium of demand and supply geometrically we may draw the demand and supply curves together as in Fig. 19. If then *OR* represents the rate at which production is being actually carried on, and *Rd* the demand price is greater than *Rs* the supply price, the production is exceptionally profitable, and will be increased. *R*, the *amount-index*, as we may call it, will move to the right. On the other hand, if *Rd* is less than *Rs*, *R* will move to the left. If *Rd* is equal to *Rs*, that is, if *R* is vertically under a point of intersection of the curves, demand and supply are in equilibrium.

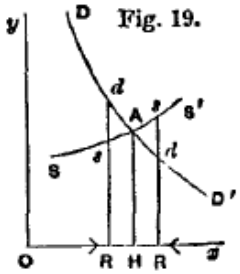

Fig. 19.

This may be taken as the typical diagram for stable equilibrium for a commodity that obeys the law of diminishing return. But if we had made *SS'* a horizontal straight line, we should have represented the case of "constant return," in which the supply price is the same for all amounts of the commodity. And if we had made *SS'* inclined negatively, but less steeply than *DD'* (the necessity for this condition will appear more fully later on), we should have got a case of stable equilibrium for a commodity which obeys the law of increasing return. In either case the above reasoning remains unchanged without the alteration of a word or a letter; but the last case introduces difficulties which we have arranged to postpone.

346

V, III, 6.

The famous Marshallian cross: equilibrium of supply and demand. Note the reversal of axes

Alfred Marshall (1842-1924)

The demand curve is derived from the constant marginal utility of money

$$\frac{\frac{\partial U}{\partial x}}{P_x} = \frac{\partial U}{\partial m} \Rightarrow P_x = \frac{\frac{\partial U}{\partial x}}{\frac{\partial U}{\partial m}}$$

Alfred Marshall (1842-1924)

Application of the equi-marginal principle

CHAPTER II.

TEMPORARY EQUILIBRIUM OF DEMAND AND SUPPLY.

V, II, 1.

A simple instance of equilibrium between desire and effort.

§ 1. THE simplest case of balance or equilibrium between desire and effort is found when a person satisfies one of his wants by his own direct work. When a boy picks blackberries for his own eating, the action of picking is probably itself pleasurable for a while; and for some time longer the pleasure of eating is more than enough to repay the trouble of picking. But after he has eaten a good deal, the desire for more diminishes; while the task of picking begins to cause weariness, which may indeed be a feeling of monotony rather than of fatigue. Equilibrium is reached when at last his eagerness to play and his disinclination for the work of picking counterbalance the desire for eating. The satisfaction which he can get from picking fruit has arrived at its *maximum*: for up to that time every fresh picking has added more to his pleasure than it has taken away; and after that time any further picking would take away from his pleasure more than it would add[1].

The boy in the forest stops picking blackberries when the marginal fatigue from picking equals the pleasure of the marginal blackberry

Alfred Marshall (1842-1924)

From a purely subjective theory of value to a theory of supply and demand equilibrium at normal prices.

Utility is mainly relevant for the **consumer surplus**

Elasticity of demand

And as with the demand of one person so with that of a whole market. And we may say generally:—The *elasticity* (or *responsiveness*) *of demand* in a market is great or small according as the amount demanded increases much or little for a given fall in price, and diminishes much or little for a given rise in price[1].

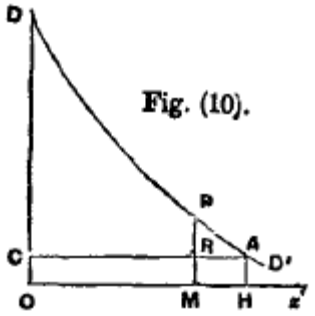

Fig. (10).

The excess of the price which he would be willing to pay rather than go without the thing, over that which he actually does pay, is the economic measure of this surplus satisfaction. It may be called *consumer's surplus*.

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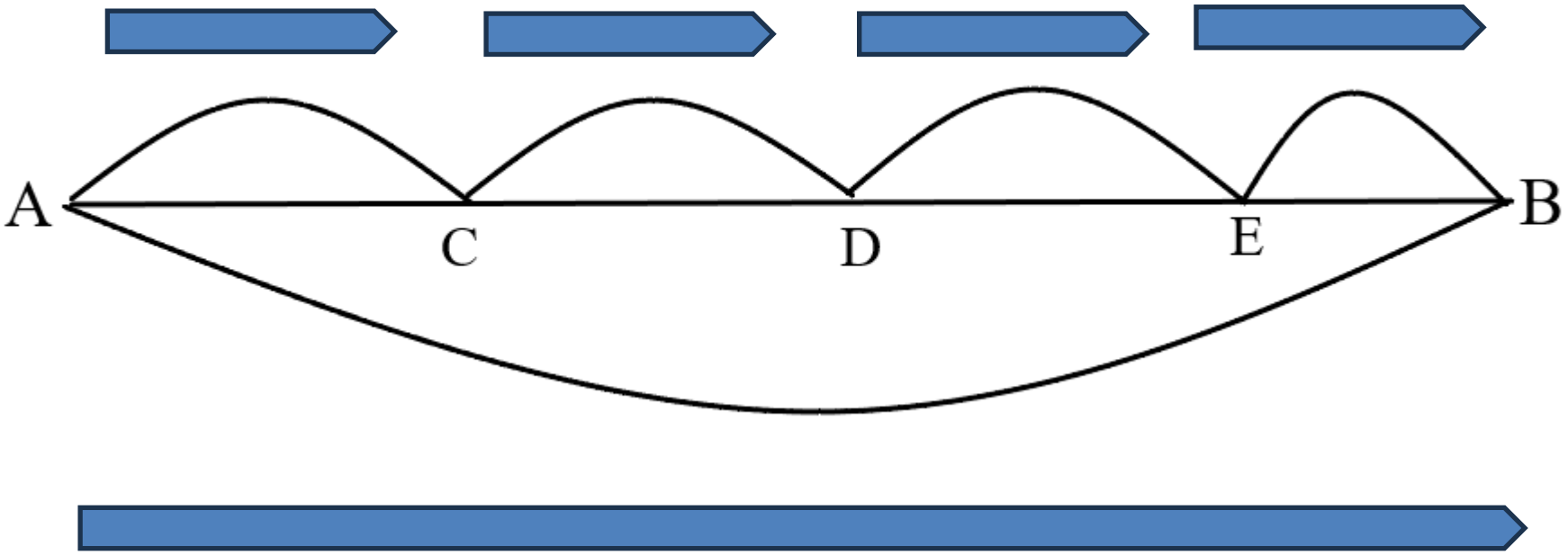

Other things being equal
Ceteris paribus
Partial equilibrium

Alfred Marshall (1842-1924)

§ 3. The function then of analysis and deduction in economics is not to forge a few long chains of reasoning, but to forge rightly many short chains and single connecting links. This however is no trivial task. If the economist reasons rapidly and with a light heart, he is apt to make bad connections at every turn of his work. He needs to make careful use of analysis and deduction, because only by their aid can he select the right facts, group them rightly, and make them serviceable for suggestions in thought and guidance in practice; and because, as surely as every deduction must rest on the basis of inductions, so surely does every inductive process involve and include analysis and deduction. Or to put the same thing in another way the explanation of the past and the prediction of the future are not different operations, but the same worked in opposite directions, the one from effect to cause, the other from cause to effect. As Schmoller well says, to obtain "a knowledge of individual causes" we need "induction; the final conclusion of which is indeed nothing but the inversion of the syllogism which is employed in deduction....Induction and deduction rest on the same tendencies, the same beliefs, the same needs of our reason."

The work of analysis and deduction Explanation and prediction are the same operation in opposite directions.

Alfred Marshall (1842-1924)

NOTE XIV.

It would be possible to extend the scope of such systems of equations as we have been considering, and to increase their detail, until they embraced within themselves the whole of the demand side of the problem of distribution. But while a mathematical illustration of the mode of action of a definite set of causes may be complete in itself, and strictly accurate within its clearly defined limits, it is otherwise with any attempt to grasp the whole of a complex problem of real life, or even any considerable part of it, in a series of equations. For many important considerations, especially those connected with the manifold influences of the element of time, do not lend themselves easily to mathematical expression: they must either be omitted altogether, or clipped and pruned till they resemble the conventional birds and animals of decorative art. And hence arises a tendency towards assigning wrong proportions to economic forces; those elements being most emphasized which lend themselves most easily to analytical methods. No doubt this danger is inherent in every application not only of mathematical analysis, but of analysis of any kind, to the problems of real life. It is a danger which more than any other the economist must have in mind at every turn. But to avoid it altogether, would be to abandon the chief means of scientific progress: and in discussions written specially for mathematical readers it is no doubt right to be very bold in the search for wide generalizations.

General Equilibrium

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There is no sharp division between long and short periods.

§ 8. Of course there is no hard and sharp line of division between "long" and "short" periods. Nature has drawn no such lines in the economic conditions of actual life; and in dealing with practical problems they are not wanted. Just as we contrast civilized with uncivilized races, and establish many general propositions about either group, though no hard and fast division can be drawn between the two; so we contrast long and short periods without attempting any rigid demarcation between them. If it is necessary for the purposes of any particular argument to divide one case sharply from the other, it can be done by a special interpretation clause: but the occasions on which this is necessary are neither frequent nor important.

Classification of problems of value by the periods to which they refer.

Four classes stand out. In each, price is governed by the relations between demand and supply. As regards *market* prices, Supply is taken to mean the stock of the commodity in question which is on hand, or at all events "in

Time periods in economic analysis: Four classes

Alfred Marshall (1842-1924)

V, v, 8.

sight." As regards *normal* prices, when the term Normal is taken to relate to *short* periods of a few months or a year, Supply means broadly what can be produced for the price in question with the existing stock of plant, personal and impersonal, in the given time. As regards *normal* prices, when the term Normal is to refer to *long* periods of several years, Supply means what can be produced by plant, which itself can be remuneratively produced and applied within the given time; while lastly, there are very gradual or *Secular* movements of normal price, caused by the gradual growth of knowledge, of population and of capital, and the changing conditions of demand and supply from one generation to another[1].

Market, Short-run, Long-run, Secular

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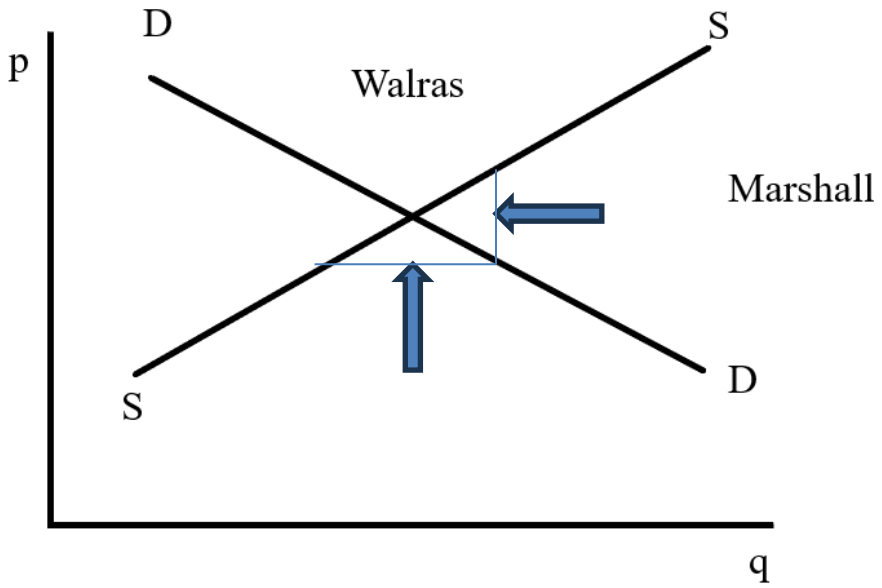

In Walras the return to the equilibrium point is through a change in prices, in Marshall through a change in quantities which are the independent variable, hence the demand and supply curves have quantities on the horizontal axis and prices on the vertical.

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We might as reasonably dispute whether it is the upper or the under blade of a pair of scissors that cuts a piece of paper, as whether value is governed by utility or cost of production. It is true that when one blade is held still, and the cutting is effected by moving the other, we may say with careless brevity that the cutting is done by the second; but the statement is not strictly accurate, and is to be excused only so long as it claims to be merely a popular and not a strictly scientific account of what happens.

Alfred Marshall (1842-1924)

- Increasing returns to scale
  - Internal
  - External
- Representative firm
- Biological metaphors

Alfred Marshall (1842-1924)

A summary of the later chapters of this Book.

Looking more closely at the economies arising from an increase in the scale of production of any kind of goods, we found that they fell into two classes—those dependent on the general development of the industry, and those dependent on the resources of the individual houses of business engaged in it and the efficiency of their management; that is, into *external* and *internal* economies.

But here we may read a lesson from the young trees of the forest as they struggle upwards through the benumbing shade of their older rivals. Many succumb on the way, and a few only survive; those few become stronger with every year, they get a larger share of light and air with every increase of their height, and at last in their turn they tower above their neighbours, and seem as though they would grow on for ever, and for ever become stronger as they grow. But they do not. One tree will last longer in full vigour and attain a greater size than another; but sooner or later age tells on them all. Though the taller ones have a better access to light and air than their rivals, they gradually lose vitality; and one after another they give place to others, which, though of less material strength, have on their side the vigour of youth.

And as with the growth of trees, so was it with the growth of businesses as a general rule before the great recent development of vast joint-stock companies, which often stagnate, but do not readily die. Now that rule is far from universal, but it still holds in many industries and trades. Nature still presses on the private business by limiting the length of the life of its original founders, and by limiting even more narrowly that part of their lives in which their faculties retain full vigour. And so, after a while, the guidance of the business falls into the hands of people with less energy and less creative genius, if not with less active interest in its prosperity. If it is turned into a joint-stock company, it may retain the advantages of division of labour, of specialized skill and machinery: it may even increase them by a further increase of its capital; and under favourable conditions it may secure a permanent and prominent place in the work of production. But it is likely to have lost so much of its elasticity and progressive force, that the advantages are no longer exclusively on its side in its competition with younger and smaller rivals.

CHAPTER VI.

JOINT AND COMPOSITE DEMAND: JOINT AND COMPOSITE SUPPLY.

BOOK V. CH. VI.

Derived demand and joint demand.

§ 1. THE demand for producers' goods, or goods of the second and higher orders, as we have termed them, is indirect; it is *derived* from the demand for consumers' goods, or goods of the first order, towards the production of which they contribute; or, in other words, the demands for all the various factors of production of a finished commodity are joined together in the JOINT DEMAND for it. Thus the demand for beer is direct, and is a joint demand for hops, malt, brewers' labour, and the other factors of production of beer: and the demand for any one of them is an indirect demand derived from that for beer. Again there is a direct demand for new houses; and from this there arises a joint demand for the labour of all the various building trades, and for bricks, stone, wood, etc., which are factors of production of building work of all kinds, or as we may say for shortness, of new houses. But the demand for any one of these, as for instance the labour of plasterers, is only an indirect demand.

Illustration taken from a labour dispute in the building trade.

Let us take an illustration from a class of events that are of frequent occurrence in the labour market; the period over which the disturbance extends being short, and the causes of which we have to take account as readjusting demand and supply being only such as are able to operate within that short period.

Chapter IV. Demand and Supply in relation to Labour. Real and Nominal Earnings. § 1. Competition tends to make weekly wages in similar employments not equal, but proportionate to the efficiency of the workers. *Time-earnings.* Payment by *Piecework.* *Efficiency-earnings.* Time-earnings do not tend to equality but efficiency-earnings do. §§ 2, 3. *Real wages* and *Nominal wages.* Allowance must be made for variations in the purchasing power of money, with special reference to the consumption of the grade of labour concerned; and for trade expenses and all incidental advantages and disadvantages. § 4. Wages partly paid in kind. 5. The Truck system. § 6. Uncertainty of success and irregularity of

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employment. § 7. Supplementary earnings. Family earnings. § 8. The attractiveness of a trade does not depend merely on its money-earnings, but its Net Advantages. Influence of individual and national character . . . . . pp. 572—586

Chapter V. Demand and Supply in relation to Labour, continued. § 1. The importance of many peculiarities in the action of demand and supply with regard to labour depends much on the cumulativeness of their effects; thus resembling the influence of custom. §§ 2—4. First peculiarity: the worker sells his work, but he himself has no price. Consequently the investment of capital in him is limited by the means, the fore-thought, and the unselfishness of his parents. Importance of a start in life. Influence of moral forces. § 5. Second peculiarity. The worker inseparable from his work. § 6. Third and fourth peculiarities. Labour is perishable, and the sellers of it are often at a disadvantage in bargaining . pp. 587—598

Chapter VI. Demand and Supply in relation to Labour, continued. § 1. The fifth peculiarity of labour consists in the great length of time required for providing additional supplies of specialized ability. § 2. Parents in choosing trades for their children must look forward a whole generation; difficulties of forecasting the future. § 3. Movements of adult labour are of increasing importance in consequence of the growing demand for general ability. § 4. Résumé of the distinction between long and short periods with reference to normal value. § 5. The Quasi-rent of labour is seen most clearly in the case of independent handicrafts-men; but it can also be traced under the modern system of industry. §§ 6, 7. In estimating the Quasi-rent of the labourer's skill, account must be taken not only of his wear and tear, but also of his fatigue. § 8. The extra income earned by natural abilities may be regarded as a rent, when we are considering the sources of the incomes of individuals, but not with reference to the normal earnings of a trade . . . pp. 599—610

Alfred Marshall (1842-1924)

In another respect the diversity of his nature was pure advantage. The study of economics does not seem to require any specialised gifts of an unusually high order. Is it not, intellectually regarded, a very easy subject compared with the higher branches of philosophy and pure science? Yet good, or even competent, economists are the rarest of birds. An easy subject, at which very few excel! The paradox finds its explanation, perhaps, in that the master-economist must possess a rare *combination* of gifts. He must reach a high standard in several different directions and must combine talents not often found together. He must be mathematician, historian, statesman, philosopher—in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must lie entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood; as aloof and incorruptible as an artist, yet sometimes as near the earth as a politician. Much, but not all, of this ideal many-sidedness Marshall possessed. But chiefly his mixed training and divided nature furnished him with the most essential and fundamental of the economist's necessary gifts—he was conspicuously historian and mathematician, a dealer in the particular and the general, the temporal and the eternal, at the same time.

[2] Professor Planck of Berlin, the famous originator of the Quantum Theory, once remarked to me that in early life he had thought of studying economics, but had found it too difficult! Professor Planck could easily master the whole corpus of mathematical economics in a few days. He did not mean that! But the amalgam of logic and intuition and the wide knowledge of facts, most of which are not precise, which is required for economic interpretation in its highest form, is, quite truly, overwhelmingly difficult for those whose gift mainly consists in the power to imagine and pursue to their furthest points the implications and prior conditions of comparatively simple facts which are known with a high degree of precision.

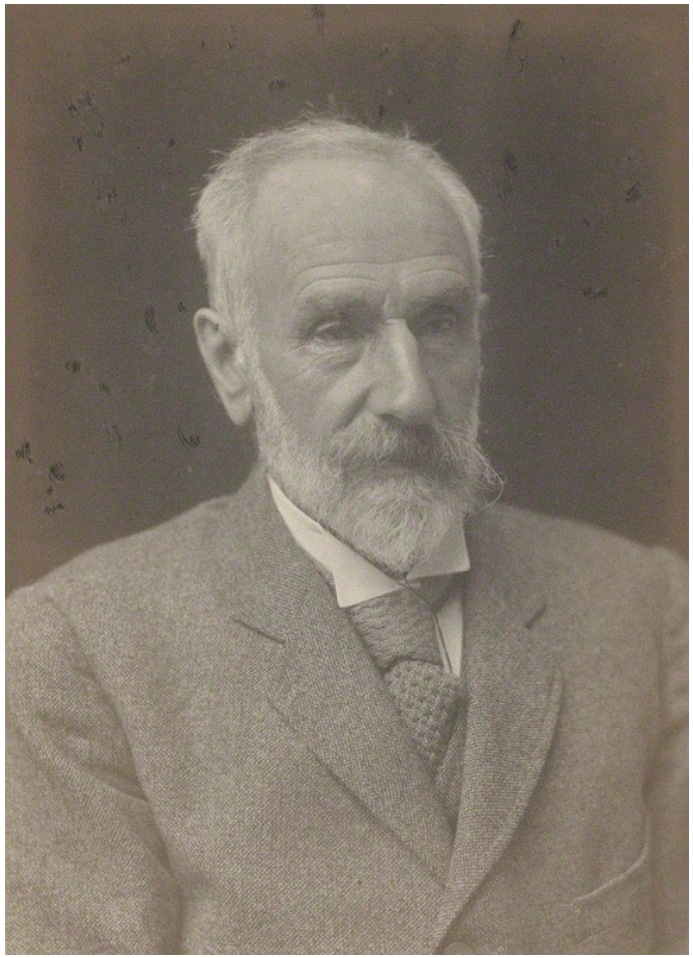
THE ECONOMIC JOURNAL

SEPTEMBER, 1924

ALFRED MARSHALL, 1842–1924[1]

J. M. KEYNES

Francis Ysidro Edgeworth (1845-1926)



by Walter Stoneman, bromide print, 1917, NPG

Francis Ysidro Edgeworth (1845-1926)

wick in *Mind* for 1877. Edgeworth's peculiarities of style, his brilliance of phrasing, his obscurity of connection, his inconclusiveness of aim, his restlessness of direction, his courtesy, his caution, his shrewdness, his wit, his subtlety, his learning, his reserve—all are there full-grown. Quotations from the Greek tread on the heels of the Differential Calculus, and the philistine reader can scarcely tell whether it is a line of Homer or a mathematical abstraction which is in course of integration. The

It is narrated that in his boyhood at Edgeworthstown he would read Homer seated aloft in a heron's nest. So, as it were, he dwelt always, not too much concerned with the earth.

J. M. KEYNES

OBITUARY

FRANCIS YSIDRO EDGEWORTH
1845–1926

Francis Ysidro Edgeworth (1845-1926)

MATHEMATICAL PSYCHICS

AN ESSAY ON THE
APPLICATION OF MATHEMATICS TO
THE MORAL SCIENCES

BY
F. Y. EDGEWORTH, M.A.
BARRISTER-AT-LAW

LONDON
C. KEGAN PAUL & CO., 1 PATERNOSTER SQUARE
1881

PAPERS RELATING TO
POLITICAL ECONOMY

BY
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VOLUME III

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Francis Ysidro Edgeworth (1845-1926)

MATHEMATICAL PSYCHICS

ECONOMICAL CALCULUS.

DEFINITIONS.—The first principle of Economics[2] is that every agent is actuated only by self-interest. The workings of this principle may be viewed under two aspects, according as the agent acts *without*, or *with*, the consent of others affected by his actions. In wide senses, the first species of action may be called *war*; the second, *contract*.

The *field of competition* with reference to a contract, or contracts, under consideration consists of all the individuals who are willing and able to recontract about the articles under consideration.

Francis Ysidro Edgeworth (1845-1926)

There is free communication throughout a *normal* competitive field. You might suppose the constituent individuals collected at a point, or connected by telephones—an ideal supposition, but sufficiently approximate to existence or tendency for the purposes of abstract science.

A *perfect* field of competition professes in addition certain properties peculiarly favourable to mathematical calculation; namely, a certain indefinite *multiplicity* and *dividedness*, analogous to that *infinity* and *infinitesimality* which facilitate so large a portion of Mathematical Physics (consider the theory of Atoms, and all applications of the Differential Calculus). The conditions of a *perfect* field are four; the first pair referrible [1] to the heading *multiplicity* or continuity, the second to *dividedness* or fluidity.

I. Any individual is free to *recontract* with any out of an indefinite number, *e.g.*, in the last example there are an indefinite number of Xs and similarly of Ys.

II. Any individual is free to *contract* (at the same time) with an indefinite number; *e.g.*, any X (and similarly Y) may deal with any number of Ys. This condition combined with the first appears to involve

Francis Ysidro Edgeworth (1845-1926)

the indefinite divisibility of [1] each *article* of contract (if any X deal with an indefinite number of Ys he must give each an indefinitely small portion of x); which might be erected into a separate condition.

III. Any individual is free to *recontract* with another independently of, *without the consent* being required of, any third party, *e.g.*, there is among the Ys (and similarly among the Xs) no *combination* or precontract between two or more contractors that none of them will recontract without the consent of all. Any Y then may accept the offer of any X irrespectively of other Ys.

IV. Any individual is free to *contract* with another independently of a third party; *e.g.*, in simple exchange each contract is between two only, but *secus* in the entangled contract described in the example (p. 17), where it may be a condition of production that there should be three at least to each bargain.

Francis Ysidro Edgeworth (1845-1926)

There will be observed a certain similarity between the relation of the first to the second condition, and that of the third to the fourth. The failure of the first involves the failure of the second, but not *vice versâ*; and the third and fourth are similarly related.

A *settlement* is a contract which cannot be varied with the consent of all the parties to it.

A *final settlement* is a settlement which cannot be varied by recontract within the field of competition.

Contract is *indeterminate* when there are an indefinite number of *final settlements*.

Francis Ysidro Edgeworth (1845-1926)

The PROBLEM to which attention is specially directed in this introductory summary is: *How far contract is indeterminate*—an inquiry of more than theoretical importance, if it show not only that indeterminateness tends to prevent widely, but also in what direction an escape from its evils is to be sought.

DEMONSTRATIONS.[1]—The general answer is—(α) Contract without competition is indeterminate, (β) Contract with *perfect* competition is perfectly determinate, (γ) Contract with more or less perfect competition is less or more indeterminate.

And it is to be observed, in passing, that the direction in which X will *prefer* to move, the line of force or *line of preference*, as it may be termed, is perpendicular to the line of indifference. Similar remarks apply to Π. If then we enquire in what directions X and Y will consent to move *together*, the answer is, in any direction between their respective lines of indifference, in a direction *positive* as it may be called *for both*. At what point then will they refuse to move at all? When their *lines of indifference* are coincident (and *lines of preference* not only coincident, but in opposite directions); whereof the *necessary* (but *not sufficient*) condition is

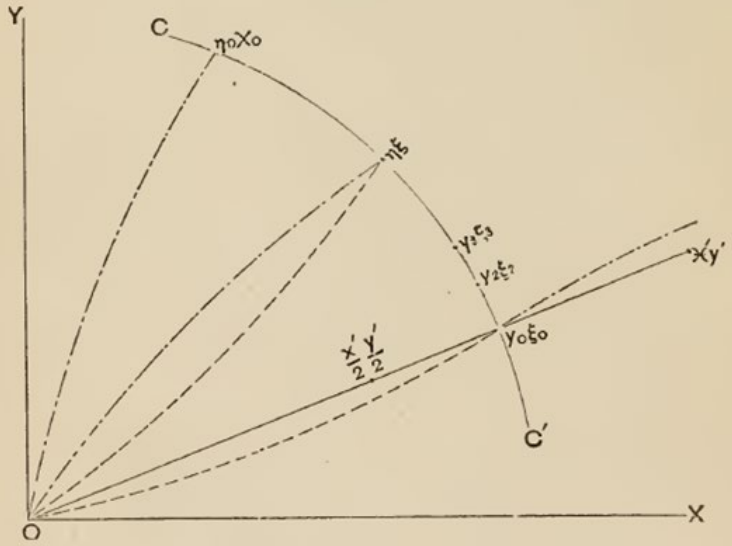
$$\left(\frac{d\mathrm{P}}{dx}\right)\left(\frac{d\Pi}{dy}\right)-\left(\frac{d\mathrm{P}}{dy}\right)\left(\frac{d\Pi}{dx}\right)=0.$$

Line of indifference

To original Edgeworth box

It is not necessary for the purpose of the present study to carry the analysis further. To gather up and fix our thoughts, let us imagine a simple case—Robinson Crusoe contracting with Friday. The *articles* of contract: wages to be given by the white, labour to be given by the black. Let Robinson Crusoe = X. Represent y, the labour given by Friday, by a horizontal line measured *northward* from an assumed point, and measure x, the remuneration given by Crusoe, from the same point along an *eastward* line (See accompanying figure 1.). Then

FIG. 1.



any point between these lines represents a contract. It will very generally be the interest of both parties to vary the articles of any contract taken at random. But there is a class of contracts to the variation of which the consent of *both* parties cannot be obtained, of *settlements*. These settlements are represented by an *indefinite number* of points, a locus, the *contract-curve* CC′, or rather, a certain portion of it which may be supposed to be wholly in the space between our perpendicular lines in a direction trending from south-east to north-west. This available portion of the contract-curve lies between two points, say $\eta_0 x_0$ north-west, and $y_0 \xi_0$ south-east; which are respectively the intersections with the contract-curve of the *curves of indifference*[1] for each party drawn through the origin. Thus the utility of the contract represented by $\eta_0 x_0$ is for Friday zero, or rather, the same as if there was no contract. At that point he would as soon be off with the bargain—work by himself perhaps.

This simple case brings clearly into view the characteristic evil of indeterminate contract, *deadlock*, undecidable opposition of interests, ἀκριτὸς[2] ἔρις καὶ ταραχὴ. It is the interest of both parties that there should be *some settlement*, one of the contracts represented by the contract-curve between the limits. But *which* of these contracts is arbitrary in the absence of arbitration, the interests of the two *adversâ pugnantia fronte* all along the contract-curve, Y desiring to get as far as possible south-east towards $y_0 \xi_0$, X north-west toward $\eta_0 x_0$. And it further appears from the preceding

Indiscriminate strife and confusion

Francis Ysidro Edgeworth (1845-1926)

DEMOSTHENES, *Orations 18. On the Crown*

θεωρῆτε.

18 Τοῦ γὰρ Φωκικοῦ συστάντος πολέμου, οὐ δι' ἐμέ (οὐ γὰρ ἔγωγ' ἐπολιτευόμην πω τότε), πρῶτον μὲν ὑμεῖς οὕτω διέκεισθε ὥστε Φωκέας μὲν βούλεσθαι σωθῆναι, καίπερ οὐ δίκαια [231] ποιοῦντας ὁρῶντες, Θηβαίοις δ' ὁτιοῦν ἂν ἐφησθῆναι παθοῦσιν, οὐκ ἀλόγως οὐδ' ἀδίκως αὐτοῖς ὀργιζόμενοι· οἷς γὰρ ηὐτυχήκεσαν ἐν Λεύκτροις, οὐ μετρίως ἐκέχρηντο· ἔπειθ' ἡ Πελοπόννησος ἅπασα διειστήκει, καὶ οὔθ' οἱ μισοῦντες Λακεδαιμονίους οὕτως ἴσχυον ὥστ' ἀνελεῖν αὐτούς, οὔθ' οἱ πρότερον δι' ἐκείνων ἄρχοντες κύριοι τῶν πόλεων ἦσαν, ἀλλά τις ἦν ἄκριτος καὶ παρὰ τούτοις καὶ παρὰ τοῖς ἄλλοις ἅπασιν 19 ἔρις καὶ ταραχή. ταῦτα δ' ὁρῶν ὁ Φίλιππος (οὐ γὰρ ἦν ἀφανῆ),

When the Phocian war began—not by my fault, for I was still outside politics—you were at first disposed to hope that the Phocians would escape ruin, although you knew that they were in the wrong, and to exult over any misfortune that might befall the Thebans, with whom you were justly and reasonably indignant because of the immoderate use they had made of the advantage they gained at Leuctra. The Peloponnesus was divided. The enemies of the Lacedaemonians were not strong enough to destroy them; and the aristocrats whom the Lacedaemonians had put into power had lost control of the several states. In those states and everywhere else there was indiscriminate strife and confusion. Philip, observing these conditions, which were apparent enough,

Francis Ysidro Edgeworth (1845-1926)

Equilibrium at perfect competition

Edgeworth's limit theorem

"Core" of the game
Replica economies

INTERNATIONAL ECONOMIC REVIEW
September, 1963
Vol. 4, No. 3

A LIMIT THEOREM ON THE CORE OF AN ECONOMY*

BY GERARD DEBREU AND HERBERT SCARF[1]

This being premised, let us now introduce a second X and a second Y; so that the field of competition consists of two Xs and two Ys. And for the sake of illustration (not of the argument) let us suppose that the new X has the same requirements, the same nature as the old X; and similarly that the new Y is equal-natured with the old.

Then it is evident that there cannot be equilibrium unless (1) all the field is collected at one point; (2) that point is on the *contract-curve*. For (1) if possible let one couple be at one point, and another couple at another point. It will generally be the interest of the X of one couple and the Y of the other to rush together, leaving their partners in the lurch. And (2) if the common point is not on the contract-curve, it will be the interest of *all parties* to descend to the contract-curve.

Philip Henry Wicksteed (1844 –1927)

THE ALPHABET

OF

ECONOMIC SCIENCE

BY

PHILIP H. WICKSTEED

PART I

ELEMENTS OF THE THEORY OF VALUE OR WORTH

London

MACMILLAN AND CO.

AND NEW YORK

1888

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THE COMMON SENSE

OF

POLITICAL ECONOMY

INCLUDING A STUDY OF

THE HUMAN BASIS OF ECONOMIC LAW

BY

PHILIP H. WICKSTEED, M.A.

L'analyse économique proprement dite ne me semble pas devoir finalement être conçue ni cultivée, soit dogmatiquement, soit historiquement, à part de l'ensemble de l'analyse sociologique, soit statique, soit dynamique.—AUGUSTE COMTE.

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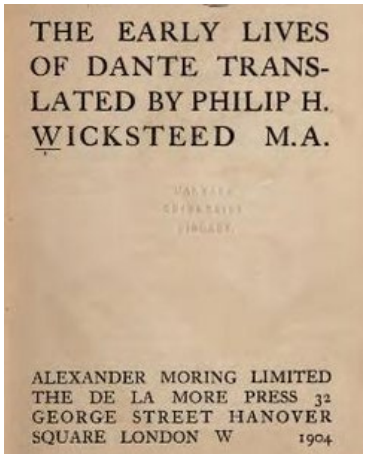
Philip Henry Wicksteed (1844 –1927)

Classicist, student of Dante, translator of Aristotle. In 1882 he became involved in economics. Pure marginalist, the only true disciple of Jevons. Criticism of Marx from Jevons' point of view..

We can now see how "cost of production," which is simply and solely "the marginal significance of something else," directly affects the quantity of anything produced, and thereby indirectly affects its price, so that there is a constant tendency for prices to conform to cost of production; that is to say, for the price of the thing I make and the price of the thing I might have made instead of it to coincide; for, obviously, I shall always embrace that one of the alternatives still open that offers the best result, and I shall thus increase the supply and lower the marginal significance of the best, and reduce the supply and raise the marginal significance of the others, till they balance.

The cost of production of one thing is the marginal value of another thing.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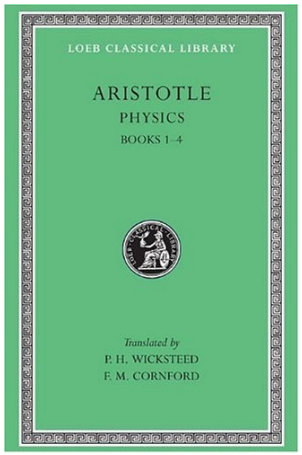


Philip Henry Wicksteed (1844 –1927)

The Product being a function of the factors of production we have

$$P = f(a, b, c, ...)$$

and the form of the function is invariably such that if we have:

$$\Pi = f(\alpha, \beta, \gamma, ...)$$

we shall also have:

$$\nu\Pi = f(\nu\alpha, \nu\beta, \nu\gamma, ...)$$

Marginal productivity
Law of product exhaustion
Euler's theorem for homogeneous functions (in this case of first degree)

Each factor being remunerated not in accordance with the *nature* of the service it renders, but in accordance with the (marginal) *rate* at which its unit is rendering such service, and a practical method of testing and estimating that rate having been discovered, it remains to enquire, whether from the known properties of F, we can deduce the property $\frac{dP}{dA} \cdot A + \frac{dP}{dB} \cdot B + \frac{dP}{dC} \cdot C + ... = P$. For it can be shown that the formula $\frac{dF}{dK} \cdot K$ really defines the share of the product which will fall to any factor K, and if it can be further shewn that when each of the factors has received its share the whole product is exactly accounted for, we shall then have accomplished our task of co-ordinating the laws of distribution.

Note: Euler's theorem for homogeneous functions

Let $x = (x_1, \ldots, x_n) \in \mathbb{R}^n_+$ $f(x)$

Then a function $f(x)$ is homogeneous of degree k,
if

$\forall \lambda > 0, \; f(\lambda x) = \lambda^k f(x)$

Euler's theorem for homogeneous functions states that

$$\frac{\partial f(x)}{\partial x_1} x_1 + \ldots + \frac{\partial f(x)}{\partial x_n} x_n = k f(x)$$

For k=1 then $\frac{\partial f(x)}{\partial x_1} x_1 + \ldots + \frac{\partial f(x)}{\partial x_n} x_n = f(x)$

If $f(x)$ is a production function with constant returns to scale - *i.e.*, if it is homogeneous of degree one - and each factor of production is paid its marginal product, then the value of the product is equal to (exhausted by) the sum of the rewards of the factors of production

Exhaustion of the product: Euler's theorem

$$Q = F\left(K, L\right)$$

$$\lambda Q = F\left(\lambda K, \lambda L\right) \quad \forall \lambda > 0 \Rightarrow Q = \frac{\partial Q}{\partial K} K + \frac{\partial Q}{\partial L} L$$

$$\frac{\partial Q}{\partial K} = r, \frac{\partial Q}{\partial L} = w$$

$$Q = \frac{\partial Q}{\partial K} K + \frac{\partial Q}{\partial L} L = rK + wL$$

Exhaustion of the product: Euler's theorem

$$Q = AK^{\alpha}L^{1-\alpha}$$

$$\left.\begin{aligned}\frac{\partial Q}{\partial K} &= A\alpha K^{\alpha-1}L^{1-\alpha}\\ \frac{\partial Q}{\partial K} &= A(1-\alpha)K^{\alpha}L^{-\alpha}\end{aligned}\right] \Rightarrow \frac{\partial Q}{\partial K}K + \frac{\partial Q}{\partial L}L = \left(A\alpha K^{\alpha-1}L^{1-\alpha}\right)K + \left(A(1-\alpha)K^{\alpha}L^{-\alpha}\right)L =$$

$$\alpha AK^{\alpha}L^{1-\alpha} + (1-\alpha)AK^{\alpha}L^{1-\alpha} = \alpha Q + (1-\alpha)Q = Q$$

Example: Cobb-Douglas production function

Laws of distribution

According to the interpretation which has been suggested, the new law of distribution would be fulfilled by an adjustment of the quantities involved,[2] the amount of each factor, not simply in virtue of the relation which subsists between the product and the factors of production.[3] The sense in which the law is fulfilled is otherwise conceived by a distinguished mathematical economist, Mr. Wicksteed, who regards the law as following from "the modern investigations into the theory of value,"[4] and

[1] Mainly and apart from "rents" of the order of quantity called by Mangoldt *Unternehmerlohn*.

[2] *Cp.* p. 169, above.

[3] The form of a function such as that represented by *f* in a preceding note (p. 167), or rather what that function becomes when the work of the entrepreneur enters as a variable.

[4] *Essay on the Co-ordination of the Laws of Distribution* (1894), § 2, and prefatory note.

Edgeworth, F. Y. "The Theory of Distribution." *The Quarterly Journal of Economics* 18, no. 2 (1904): 159–219

Laws of distribution

seems to treat it as a clue whereby to investigate the nature of the relation between the product and the factors of production, including the work of the entrepreneur.[1] In fact, he finds that the product depends upon the factors by a relation which mathematicians designate a "homogeneous function of the first degree."[2] This is certainly a remarkable discovery; for the relation between product and factors is to be considered to hold good irrespectively of the play of the market: "an analytical and synthetical law of composition and resolution of industrial factors and products which would hold equally in Robinson Crusoe's island, in an American religious commune, in an Indian village ruled by custom, and in the competitive centres of the typical modern industries."[3] There is a magnificence in this generalization which recalls the youth of philosophy. Justice is a perfect cube, said the ancient sage; and rational conduct is a homogeneous function, adds the modern *savant*. A theory which points to conclusions so paradoxical ought surely to be enunciated with caution.

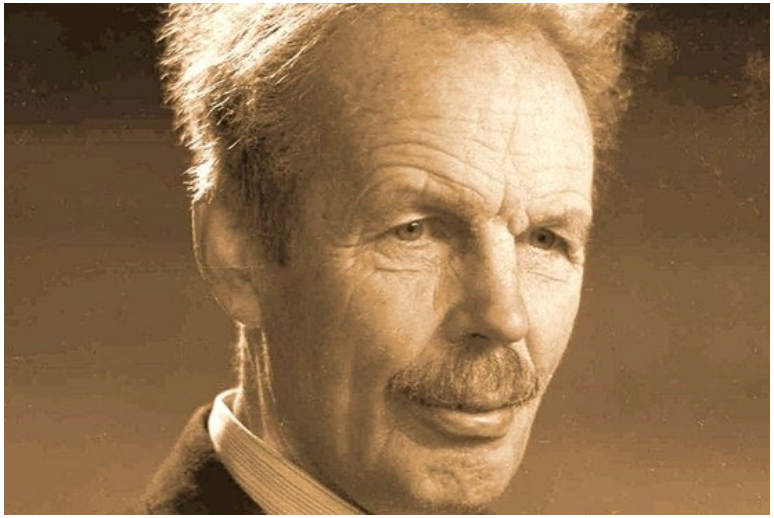
To sum up this criticism, as Distribution is a species of Exchange, it seems undesirable to employ a phrase so foreign to the general theory of Exchange as the dictum

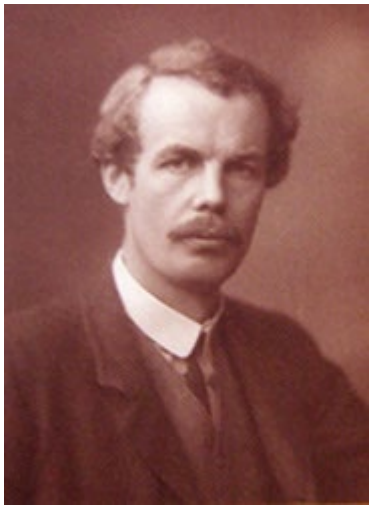
[1] The product being a function of the factors of production, we have $P = f(a, b, c, \ldots)$; and the form of the function is invariably such that, if we have $\pi = f(a, \beta, \gamma, \ldots)$, we shall also have $\nu\pi = f(\nu a, \nu\beta, \nu\gamma, \ldots)$ (*loc. cit.*, p. 4).

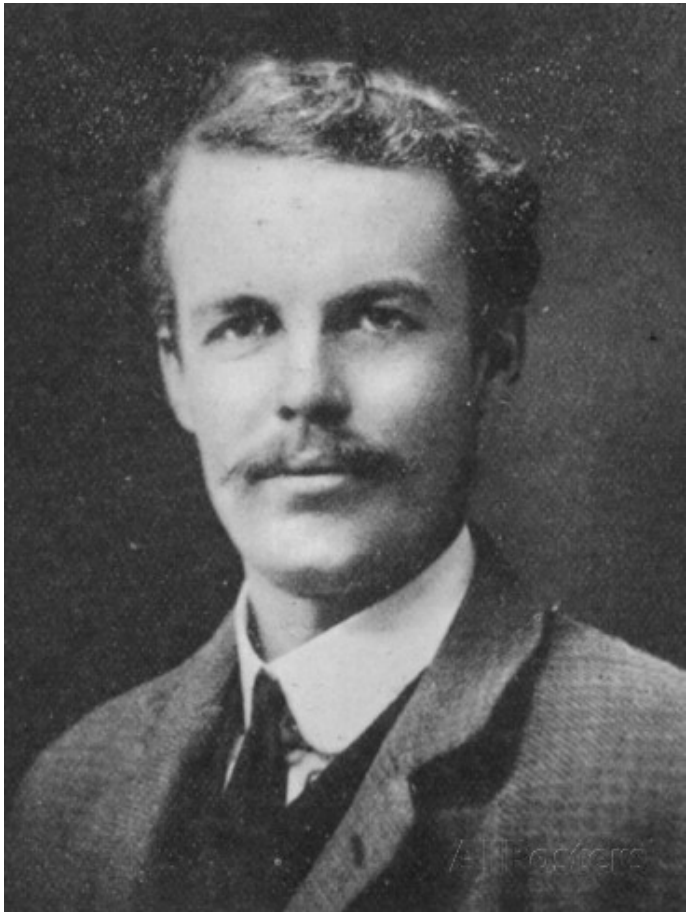
"Let the special product to be distributed (P) be regarded as a function (F) of the various factors of production (A, B, C, . . .)" (*loc. cit.*, p. 8).

$$\frac{dP}{dA}A + \frac{dP}{dB}B + \frac{dP}{dc}C + \ldots = P$$

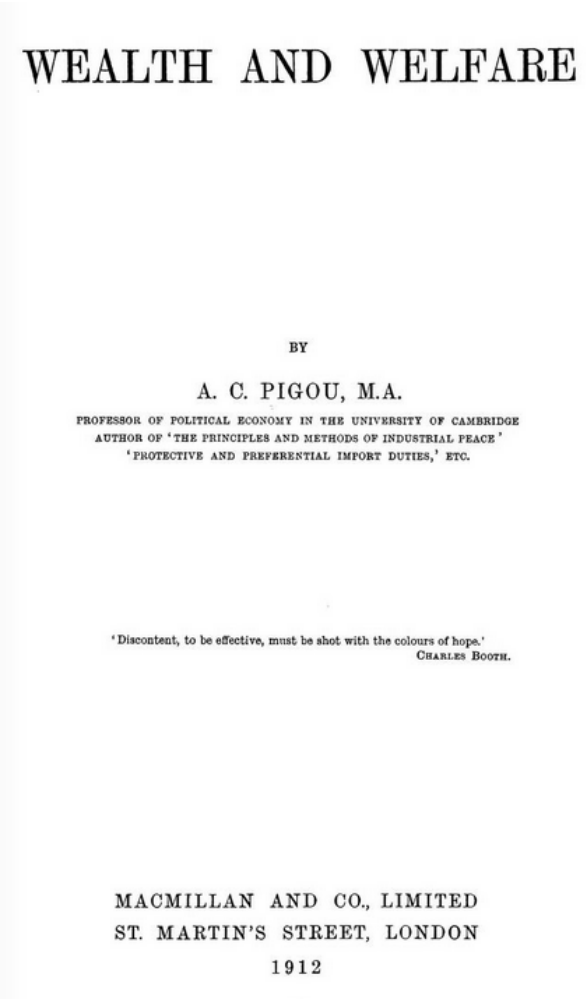
Arthur Cecil Pigou (1877 –1959)







Arthur Cecil Pigou (1877 –1959)



WEALTH AND WELFARE

BY

A. C. PIGOU, M.A.

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'PROTECTIVE AND PREFERENTIAL IMPORT DUTIES,' ETC.

'Discontent, to be effective, must be shot with the colours of hope.'
CHARLES BOOTH.

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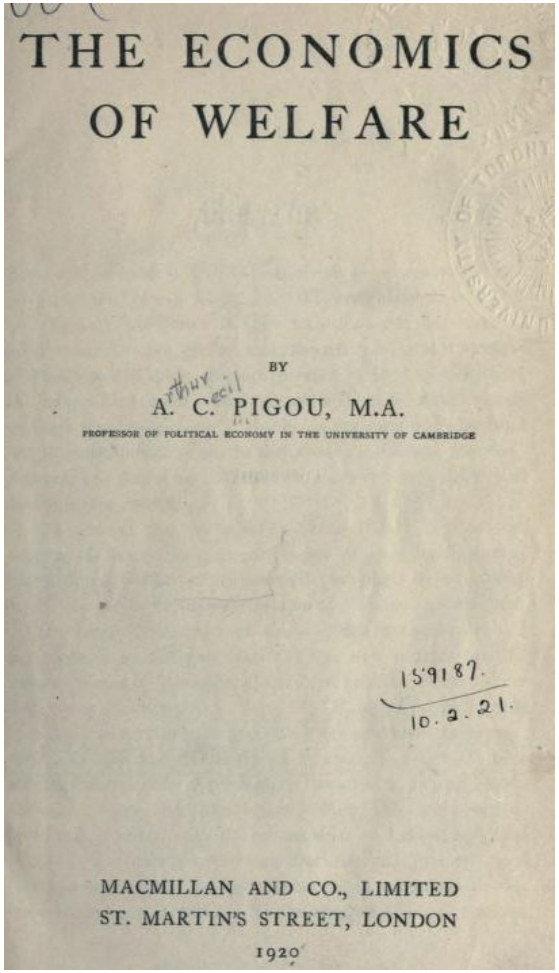

THE ECONOMICS OF WELFARE

BY

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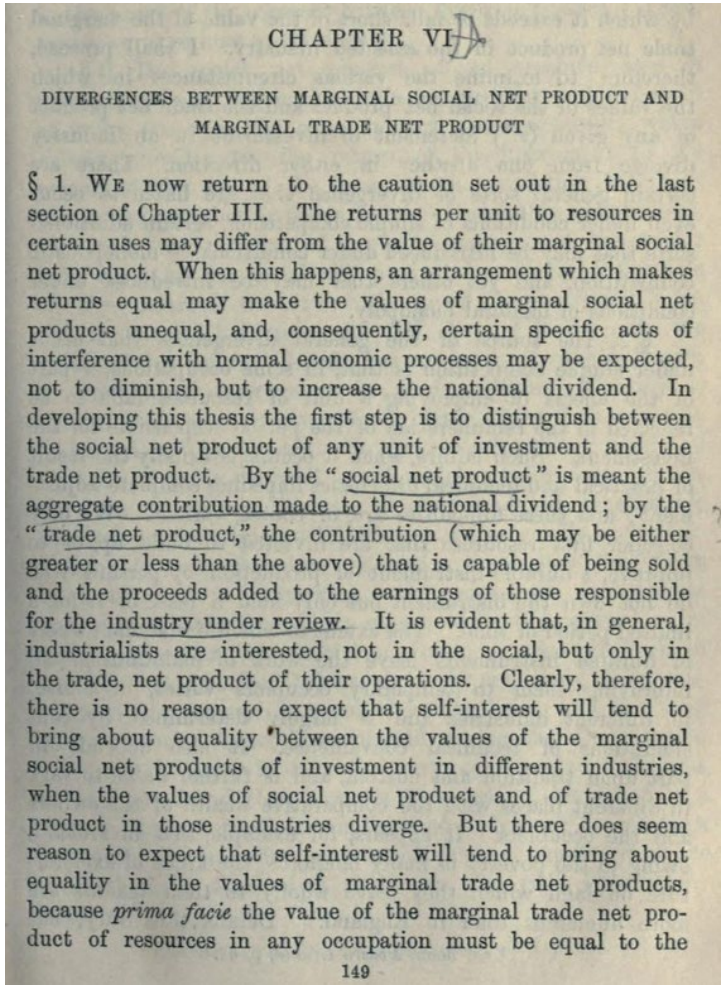
Arthur Cecil Pigou (1877 –1959)



CHAPTER VI

DIVERGENCES BETWEEN MARGINAL SOCIAL NET PRODUCT AND MARGINAL TRADE NET PRODUCT

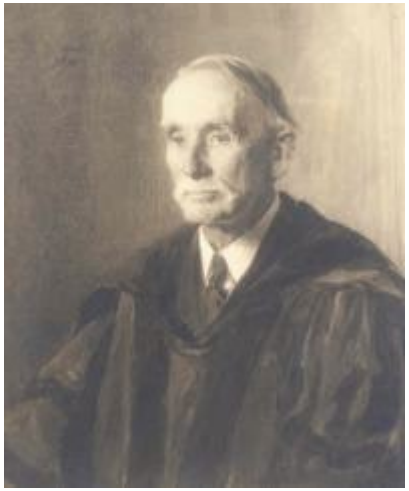
§ 1. We now return to the caution set out in the last section of Chapter III. The returns per unit to resources in certain uses may differ from the value of their marginal social net product. When this happens, an arrangement which makes returns equal may make the values of marginal social net products unequal, and, consequently, certain specific acts of interference with normal economic processes may be expected, not to diminish, but to increase the national dividend. In developing this thesis the first step is to distinguish between the social net product of any unit of investment and the trade net product. By the "social net product" is meant the aggregate contribution made to the national dividend; by the "trade net product," the contribution (which may be either greater or less than the above) that is capable of being sold and the proceeds added to the earnings of those responsible for the industry under review. It is evident that, in general, industrialists are interested, not in the social, but only in the trade, net product of their operations. Clearly, therefore, there is no reason to expect that self-interest will tend to bring about equality between the values of the marginal social net products of investment in different industries, when the values of social net product and of trade net product in those industries diverge. But there does seem reason to expect that self-interest will tend to bring about equality in the values of marginal trade net products, because *prima facie* the value of the marginal trade net product of resources in any occupation must be equal to the

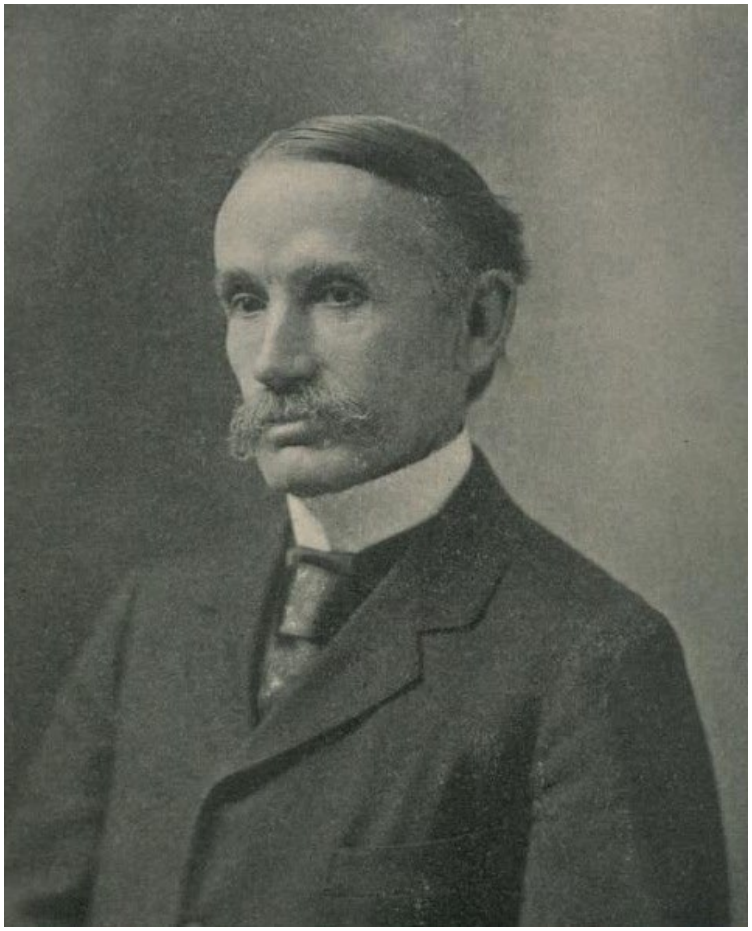
149

Externalities: difference between private and social cost or benefit

United States of America

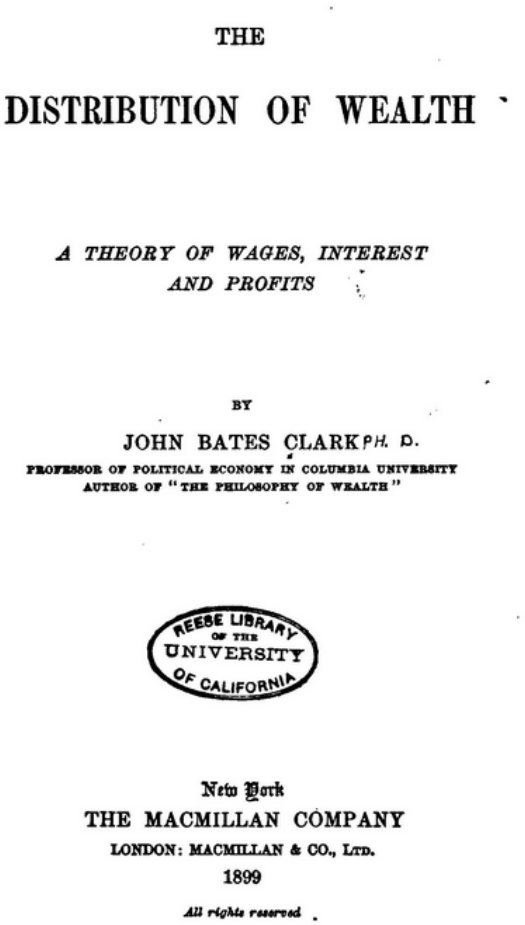
John Bates Clark (1847 –1938)





John Bates Clark (1847 –1938)

J.B. Clark was born in Providence, Rhode Island. He graduated from Amherst in 1872, with postgraduate studies in Germany and Switzerland. His first book *The Philosophy of Wealth* (1886) shows the influence of the German Historical School, and he was sympathetic to Christian Socialism. His major work, *The Distribution of Wealth* (1899), addresses the principle of marginal productivity by generalizing Ricardo's theory of land rent. He was the first important American economist of international stature and one of the founders of the *American Economic Association* in 1885, which honoured his memory with the J.B. Clark Medal for the best economist under 40.


THE

DISTRIBUTION OF WEALTH

A THEORY OF WAGES, INTEREST AND PROFITS

BY

JOHN BATES CLARK PH. D.

PROFESSOR OF POLITICAL ECONOMY IN COLUMBIA UNIVERSITY
AUTHOR OF "THE PHILOSOPHY OF WEALTH"

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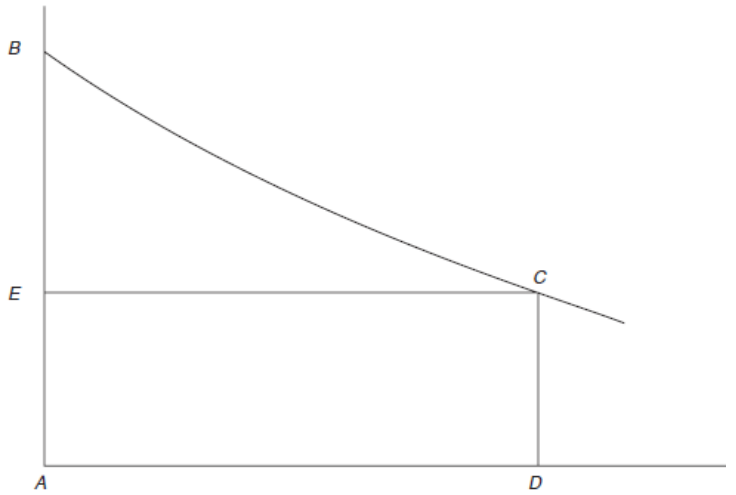
Distribution as Determined by a Law of Rent
John B. Clark
The Quarterly Journal of Economics, Vol. 5, No. 3 (Apr., 1891), pp. 289-318

John Bates Clark (1847 –1938)

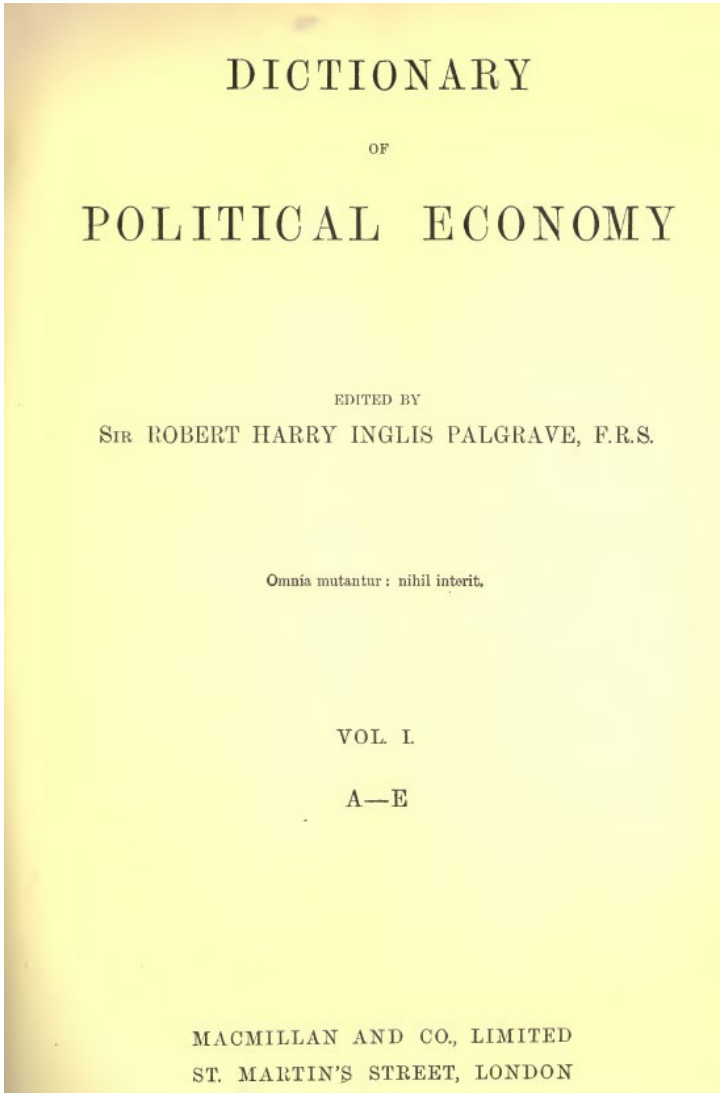
So far as the men in an employer's service are thus interchangeable, it makes no difference to him which of them it is that leaves his service. If the man who departs has been doing some kind of work that is quite necessary in conducting the business, the employer has only to put in his place the man who has been doing the work that is least needed. The work that is left undone in consequence of one man's departure is always of the marginal kind. The men in a mill arrange themselves in different classes, in the order that expresses the importance of the work that they are doing. The first class does something that is indispensable, the second, something that is highly important but less so than that which is done by the first, etc. The last class does a kind of work that contributes least of all to the productiveness of the business. If a man belonging to the first class leaves his employment, the master has only to put into his place a man taken from the last class. It is the least needed work that will remain undone. The *effective* importance to his employer of any of these interchangeable men is measured by the *absolute* importance of the one that does the least necessary work.

The principle of effective productivity.



On the horizontal axis we measure units of labour and on the vertical axis we measure the marginal product of labour. The total of the workers' wages is AECD, *i.e.*, the number of workers (AD) times the marginal product of the last worker (CD). The area (EBC) pays the other factor of production, *i.e.*, capital

John Bates Clark (1847 –1938)



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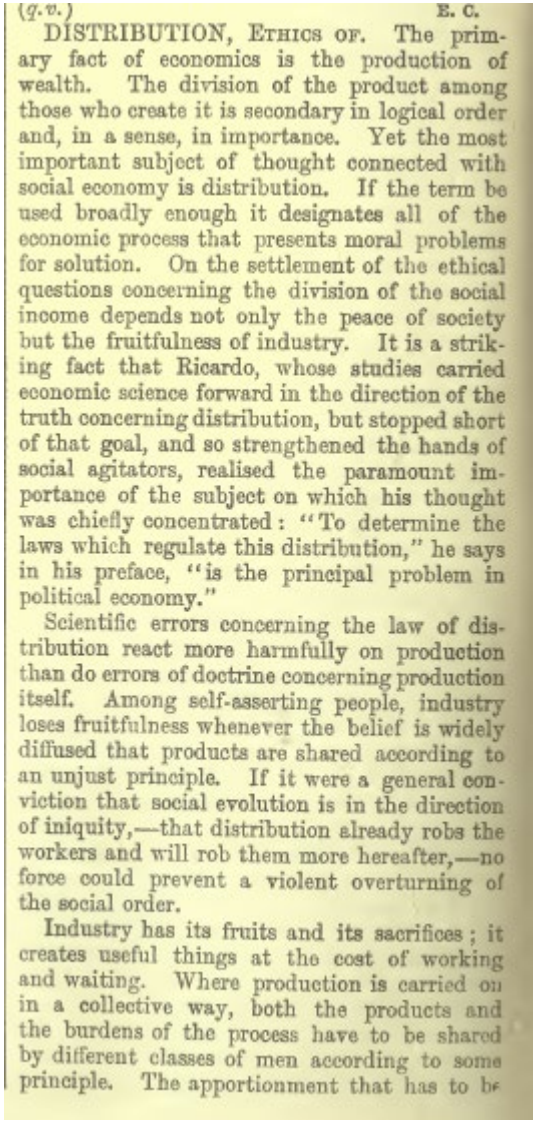


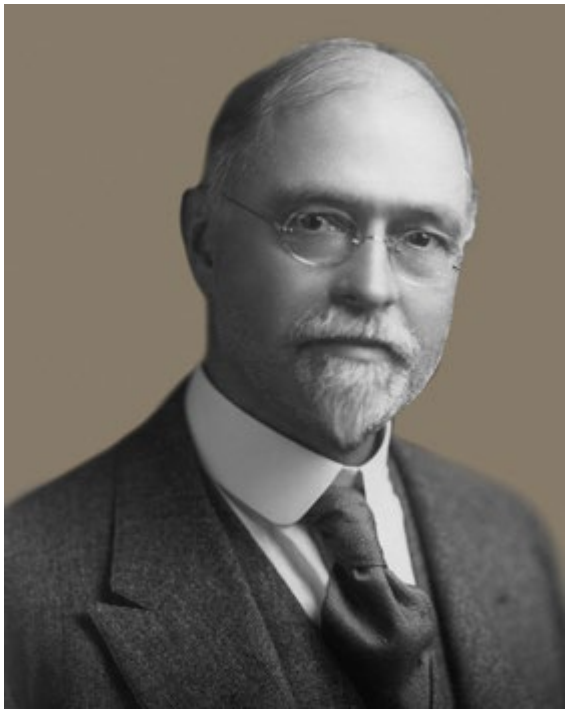
(q.v.) E. C.

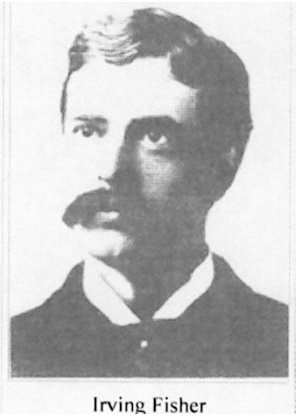
DISTRIBUTION, ETHICS OF. The primary fact of economics is the production of wealth. The division of the product among those who create it is secondary in logical order and, in a sense, in importance. Yet the most important subject of thought connected with social economy is distribution. If the term be used broadly enough it designates all of the economic process that presents moral problems for solution. On the settlement of the ethical questions concerning the division of the social income depends not only the peace of society but the fruitfulness of industry. It is a striking fact that Ricardo, whose studies carried economic science forward in the direction of the truth concerning distribution, but stopped short of that goal, and so strengthened the hands of social agitators, realised the paramount importance of the subject on which his thought was chiefly concentrated: "To determine the laws which regulate this distribution," he says in his preface, "is the principal problem in political economy."

Scientific errors concerning the law of distribution react more harmfully on production than do errors of doctrine concerning production itself. Among self-asserting people, industry loses fruitfulness whenever the belief is widely diffused that products are shared according to an unjust principle. If it were a general conviction that social evolution is in the direction of iniquity,—that distribution already robs the workers and will rob them more hereafter,—no force could prevent a violent overturning of the social order.

Industry has its fruits and its sacrifices; it creates useful things at the cost of working and waiting. Where production is carried on in a collective way, both the products and the burdens of the process have to be shared by different classes of men according to some principle. The apportionment that has to be

Irving Fisher (1867–1947)





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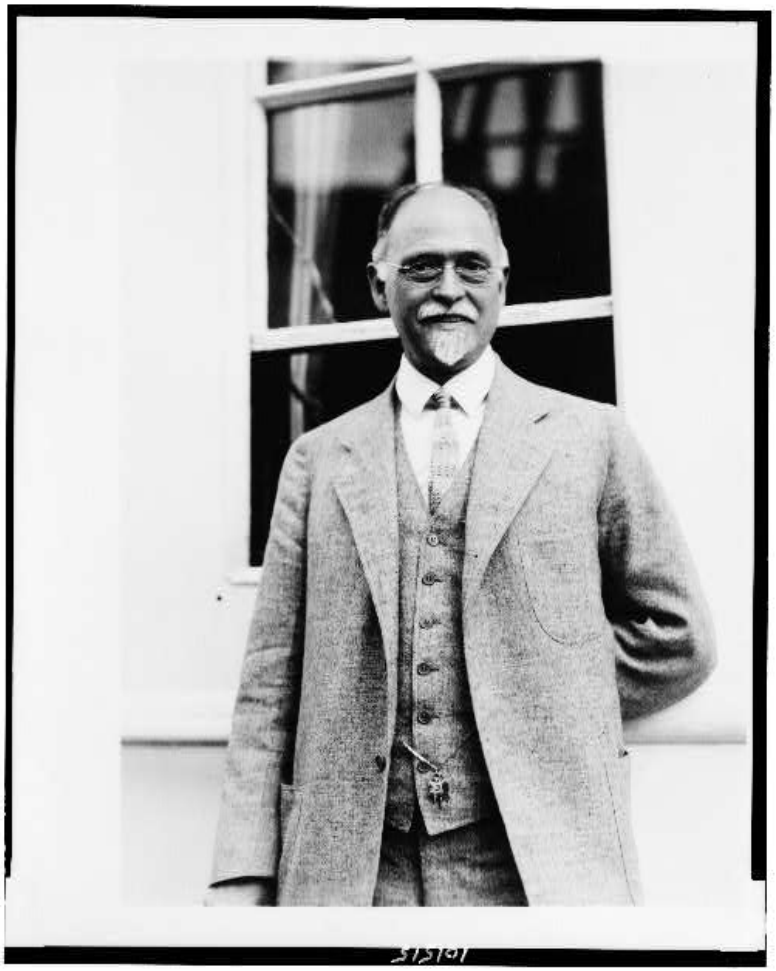

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[The following memoir is in substance the writer's thesis for the degree of Ph.D. at Yale University, 1891.]

I.—MATHEMATICAL INVESTIGATIONS IN THE THEORY OF VALUE AND PRICES.

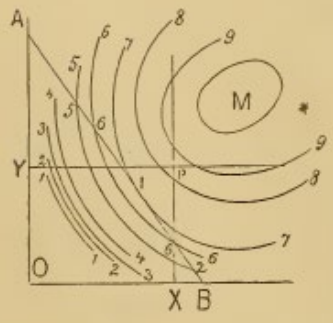
By Dr. IRVING FISHER.

[Read April 27, 1892.]

A_1 and B_1.

In fig. 18 let the abscissa OX represent the quantities B_1 of (*b*) and the ordinates (OY) the quantities A_1 of (*a*). Any point P by its co-ordinates represents *a possible combination* of quantities A_1 and B_1 consumed by I. By varying point P all possible combinations of A_1 and B_1 are represented. At P erect a perpendicular to the plane of the page whose length shall represent the marginal utility of A_1 for the combination, that is, the degree of utility of a small addition of A_1, (B_1 *remaining the same*). If P assumes all possible positions, the locus of the extremity of this perpendicular will be a surface.

18.



The first doctorate in economics from Yale University

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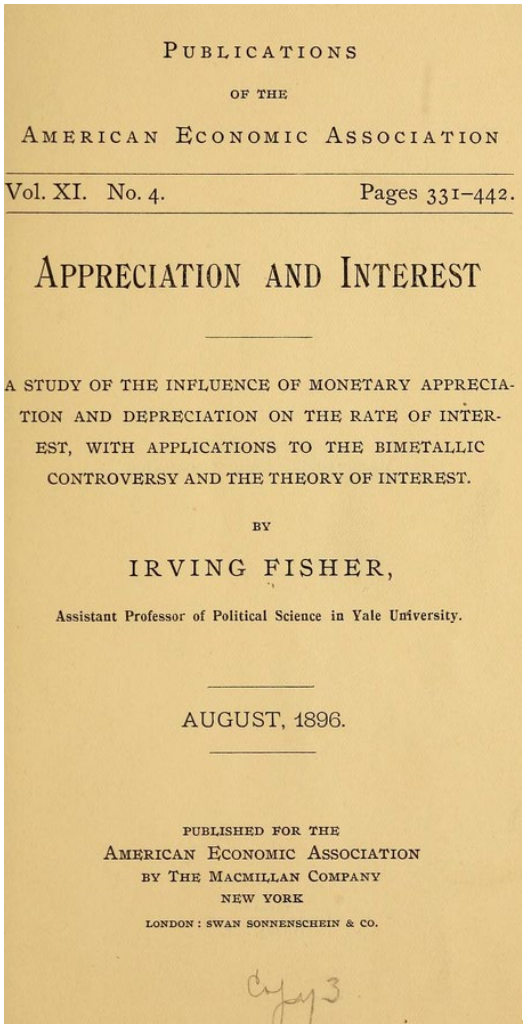

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A STUDY OF THE INFLUENCE OF MONETARY APPRECIATION AND DEPRECIATION ON THE RATE OF INTEREST, WITH APPLICATIONS TO THE BIMETALLIC CONTROVERSY AND THE THEORY OF INTEREST.

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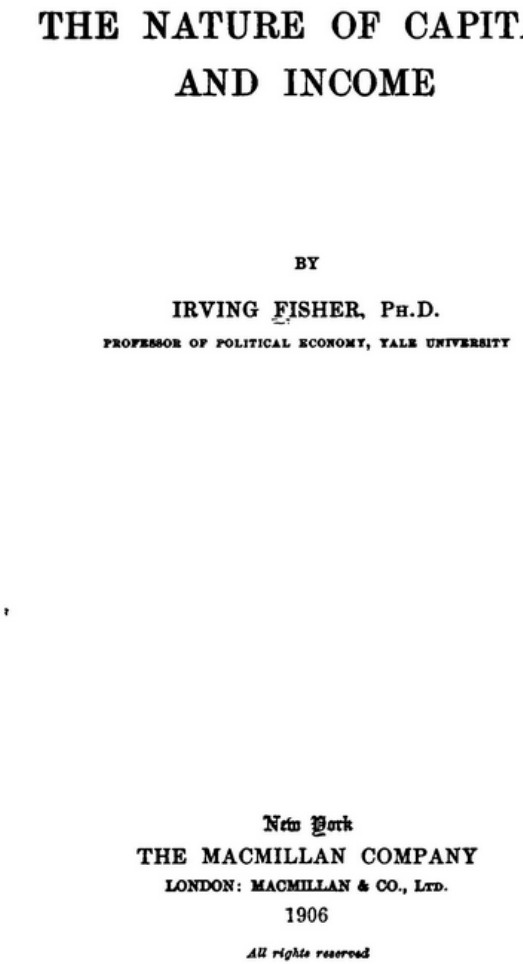

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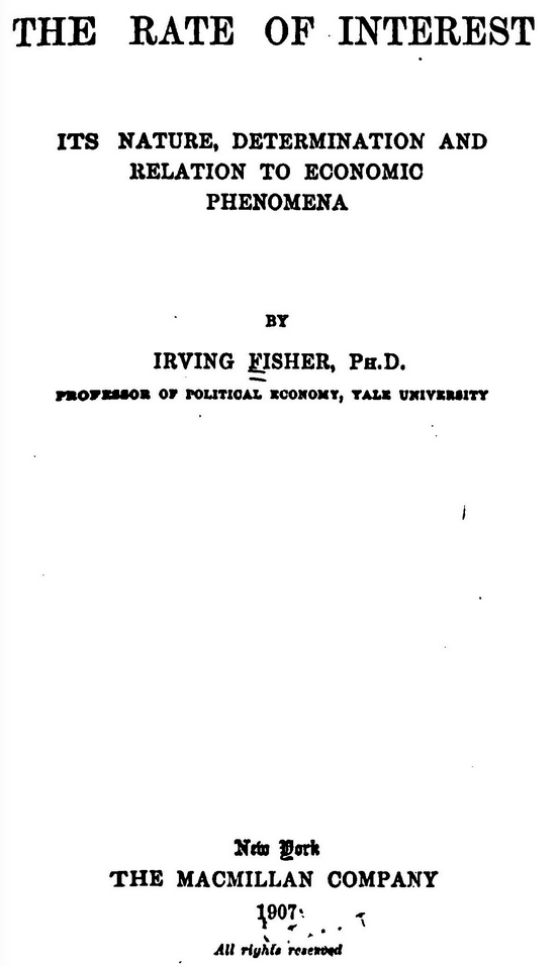

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THE
THEORY OF INTEREST

As Determined by
IMPATIENCE
To Spend Income
and
OPPORTUNITY
To Invest It

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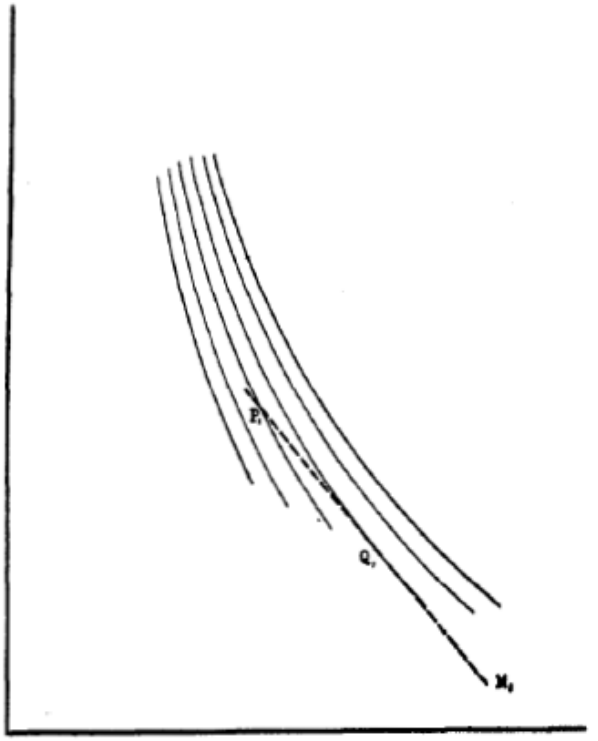
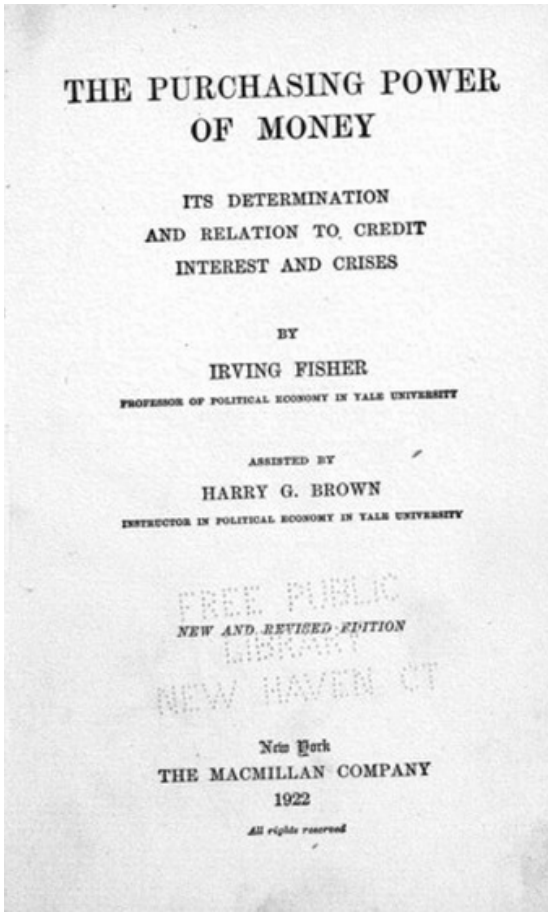


CHART 34
The Final Income Position (Q_1) of Individual *1* Fixed by Tangency of the W_1 Line to the M_1 Line at Q_1.

Irving Fisher (1867–1947)



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ITS DETERMINATION AND RELATION TO CREDIT INTEREST AND CRISES

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ASSISTED BY

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$$MV = \Sigma pQ.$$

Quantity Theory of Money

$$MV=PQ$$

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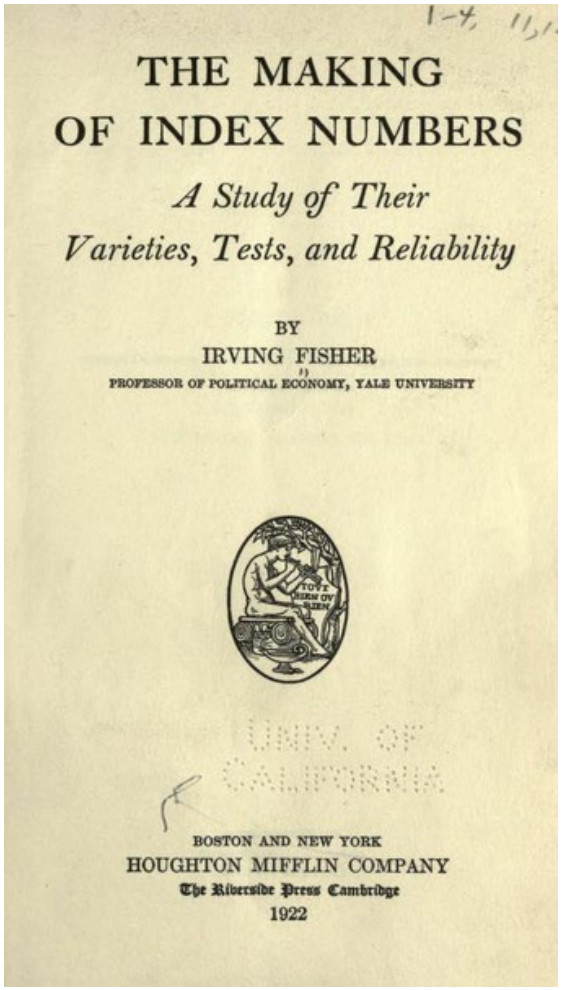

THE MAKING
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A Study of Their
Varieties, Tests, and Reliability

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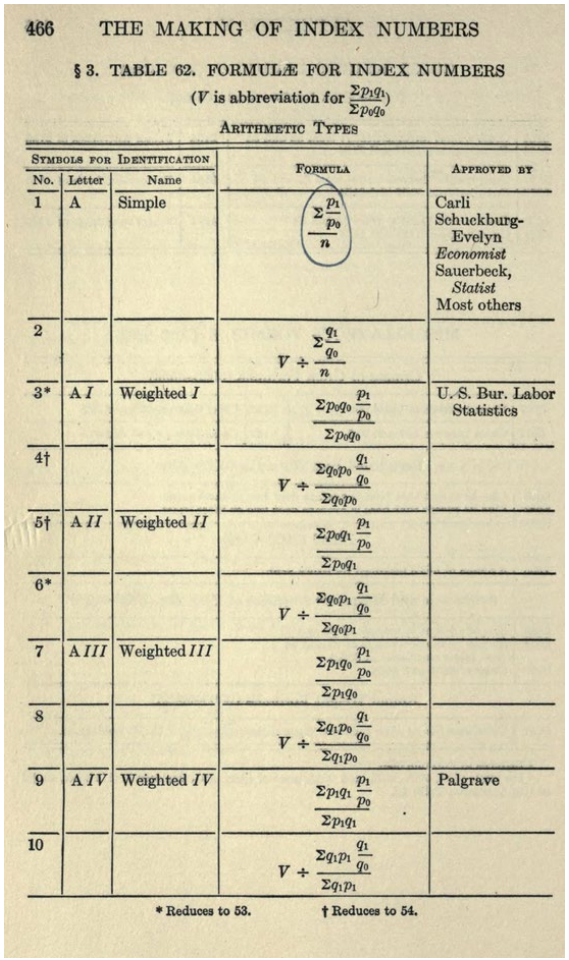

466 THE MAKING OF INDEX NUMBERS

§ 3. TABLE 62. FORMULÆ FOR INDEX NUMBERS
(V is abbreviation for $\frac{\Sigma p_1 q_1}{\Sigma p_0 q_0}$)

ARITHMETIC TYPES

SYMBOLS FOR IDENTIFICATION			FORMULA	APPROVED BY
No.	Letter	Name		
1	A	Simple	$\frac{\Sigma \frac{p_1}{p_0}}{n}$	Carli Schuckburg-Evelyn *Economist* Sauerbeck, *Statist* Most others
2			$V \div \frac{\Sigma \frac{q_1}{q_0}}{n}$	
3*	A *I*	Weighted *I*	$\frac{\Sigma p_0 q_0 \frac{p_1}{p_0}}{\Sigma p_0 q_0}$	U. S. Bur. Labor Statistics
4†			$V \div \frac{\Sigma q_0 p_0 \frac{q_1}{q_0}}{\Sigma q_0 p_0}$	
5†	A *II*	Weighted *II*	$\frac{\Sigma p_0 q_1 \frac{p_1}{p_0}}{\Sigma p_0 q_1}$	
6*			$V \div \frac{\Sigma q_0 p_1 \frac{q_1}{q_0}}{\Sigma q_0 p_1}$	
7	A *III*	Weighted *III*	$\frac{\Sigma p_1 q_0 \frac{p_1}{p_0}}{\Sigma p_1 q_0}$	
8			$V \div \frac{\Sigma q_1 p_0 \frac{q_1}{q_0}}{\Sigma q_1 p_0}$	
9	A *IV*	Weighted *IV*	$\frac{\Sigma p_1 q_1 \frac{p_1}{p_0}}{\Sigma p_1 q_1}$	Palgrave
10			$V \div \frac{\Sigma q_1 p_1 \frac{q_1}{q_0}}{\Sigma q_1 p_1}$	

* Reduces to 53. † Reduces to 54.

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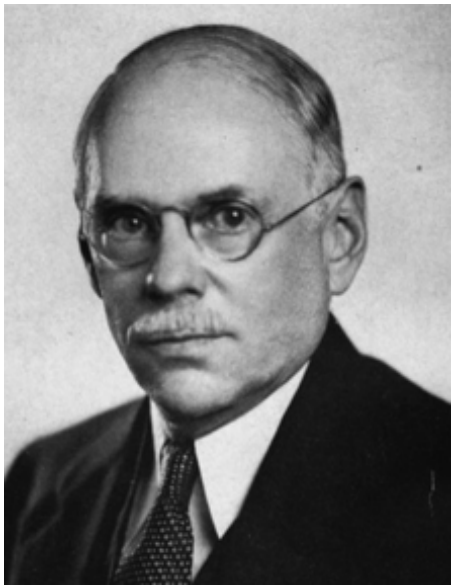

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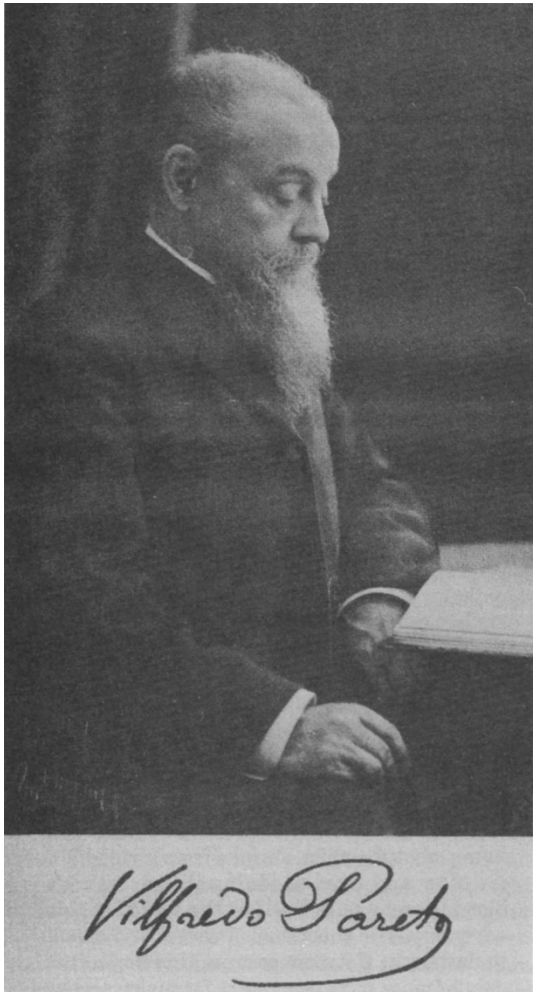
Vilfredo Pareto (1848 –1923)



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vol. 5 (Anno 3), 1892, pp. 119–57.

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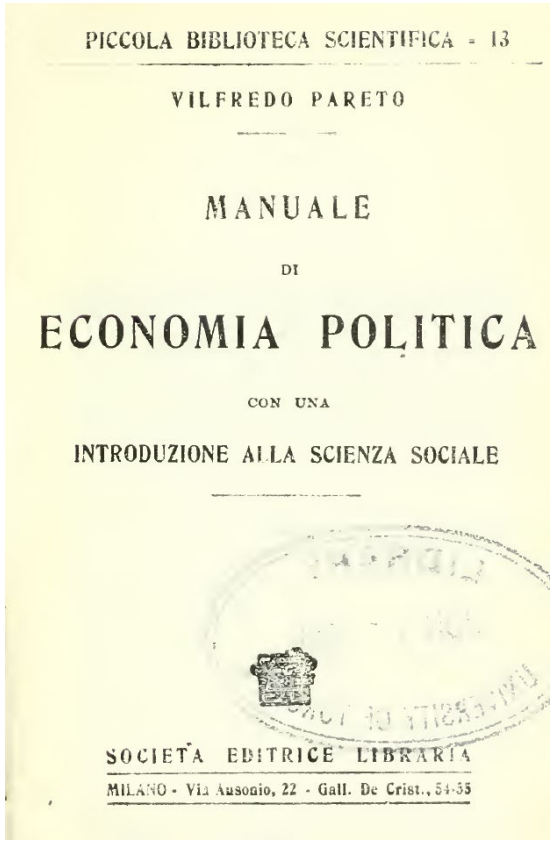
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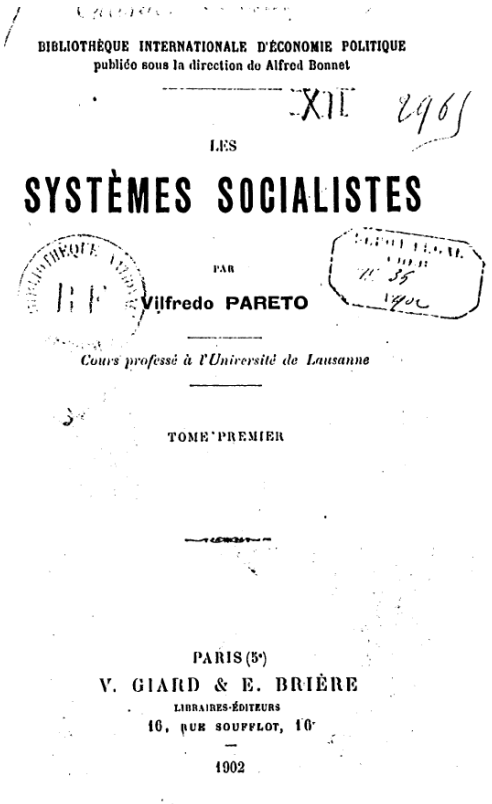

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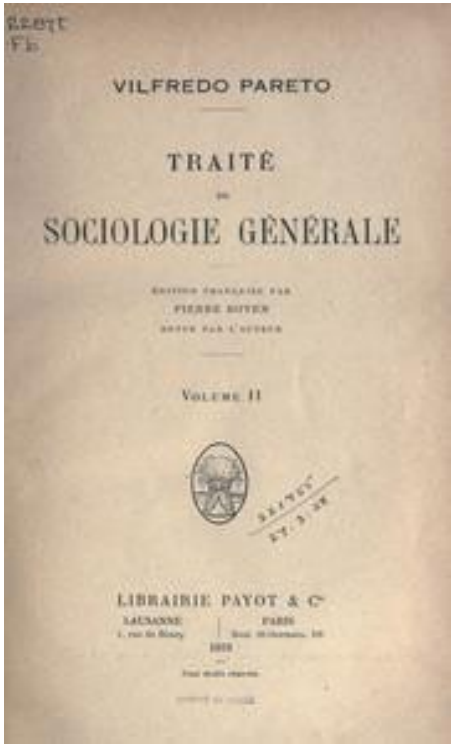

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Vilfredo Pareto (1848 –1923)

1869 PhD Turin (Engineering) "The basic principles of equilibrium in solid bodies"
Civil Engineer at the Railways,
1880 Director General at the *Società delle ferriere italiane*
1886 Lecturer in economics and management at the University of Florence
1889 Death of his parents. Marries Alessandrina Bakunin
1893 Succeeds Walras in Lausanne.
1923 Mussolini's Senator. Marries Jeanne Regis

Vilfredo Pareto (1848 –1923)

53. L'argomento diventa molto più facile ad intendersi mediante figure grafiche.

Tiriamo due assi ortogonali, OA, OB; su OA portiamo le quantità di pane, su di OB le quantità di vino. Per esempio *oa* figura uno di pane, *ob* figura uno di vino; il punto *m* che ha quelle due coordinate indica la combinazione 1 kg. di pane e 1 kg. di vino.

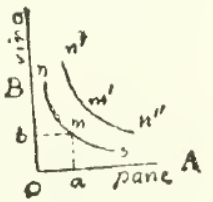


Fig. 5.

54. Così s'intende che potremo rappresentare tutta la serie precedente, ed unendo insieme i punti di quella serie con una linea continua, avremo la linea *n m s* che dicesi LINEA D'INDIFFERENZA O CURVA DI INDIFFERENZA (1).

(1) Questo nome è dovuto al prof. F. Y. Edgeworth. Egli supponeva che esistesse *l'utilità* (ofelimità), e ne deduceva le curve di indifferenza; invece io prendo come dato di fatto le curve di indifferenza, e da esse traggo quanto occorre per la teoria dell'equilibrio, senza che occorra considerare l'ofelimità.

Mathematization of economics

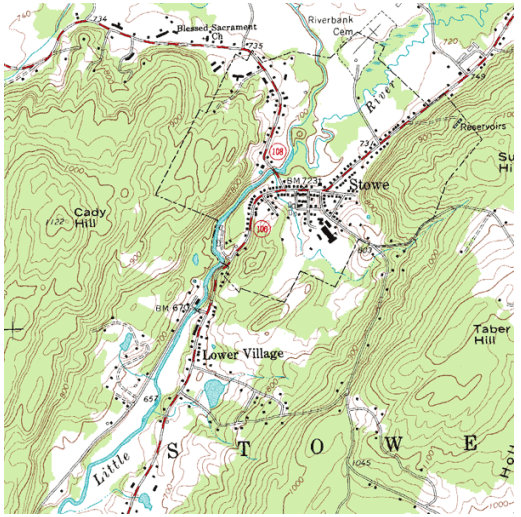
Indifference curve

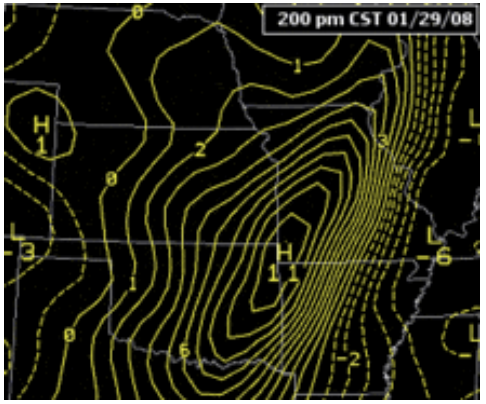
Vilfredo Pareto (1848 –1923)

Ophelimity

Non-measurable utility

Cardinal vs Ordinal





Vilfredo Pareto (1848 –1923)

Pareto optimum

Vilfredo Pareto (1848 –1923)

$$\overline{F}(x) = \Pr(X > x) = \begin{cases} \left(\frac{x_{\mathrm{m}}}{x}\right)^{\alpha} & x \geq x_{\mathrm{m}}, \\ 1 & x < x_{\mathrm{m}}. \end{cases}$$

11. Répartition des revenus (1). — Par analogie avec des faits de même espèce, il est probable que la courbe des revenus doit avoir une forme semblable à celle de la *fig.* 54. Si nous faisons *mo* égal à un certain revenu x, *mp* égal à 1, la surface *mnqp* nous donne le nombre d'individus qui ont un revenu compris entre x et $x + 1$.

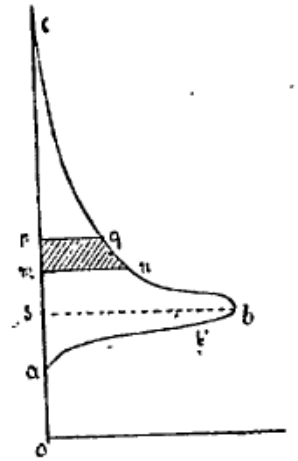
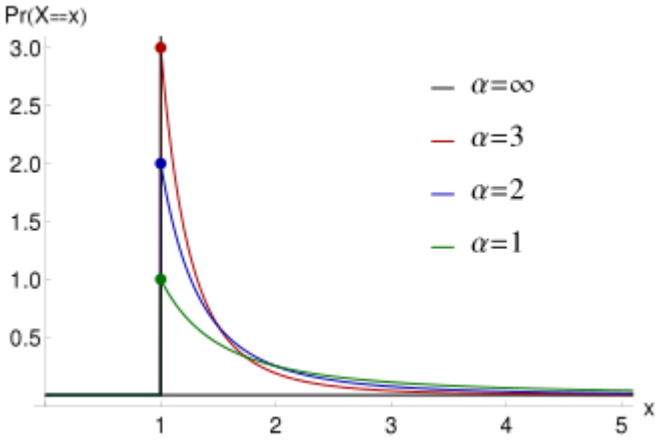


Fig. 54.

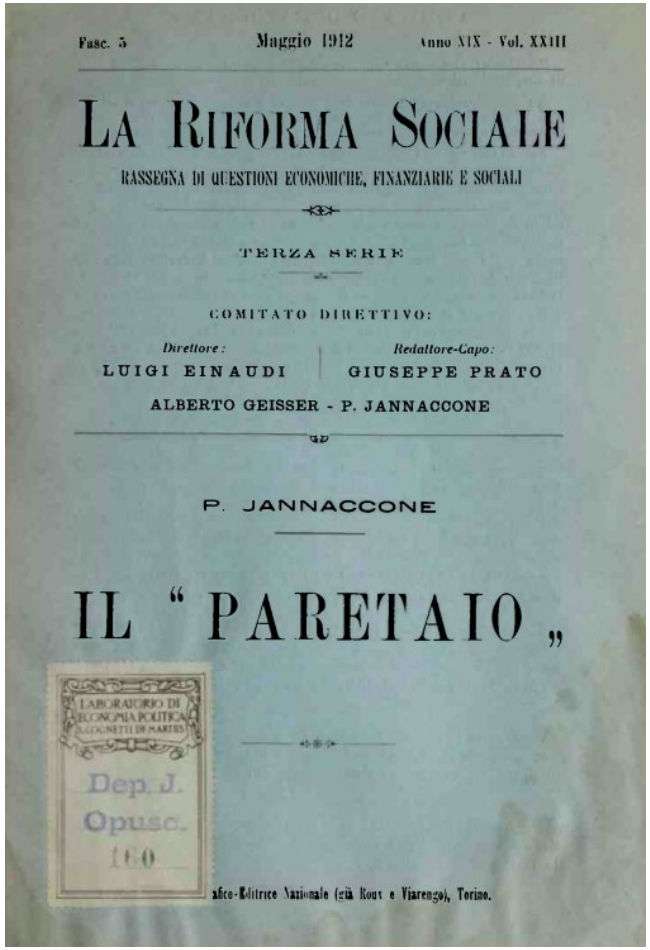
Mais pour les revenus totaux, la statistique ne nous fournit de renseignements que pour la partie *cqb* de la courbe, et peut-être, dans un très petit nombre de cas, pour une petite portion *bb'* de l'autre partie ; la partie *ab'*, ou mieux, *ab* reste purement hypothétique.



Pareto's law for the distribution of income

Pareto distribution

Vilfredo Pareto (1848 –1923)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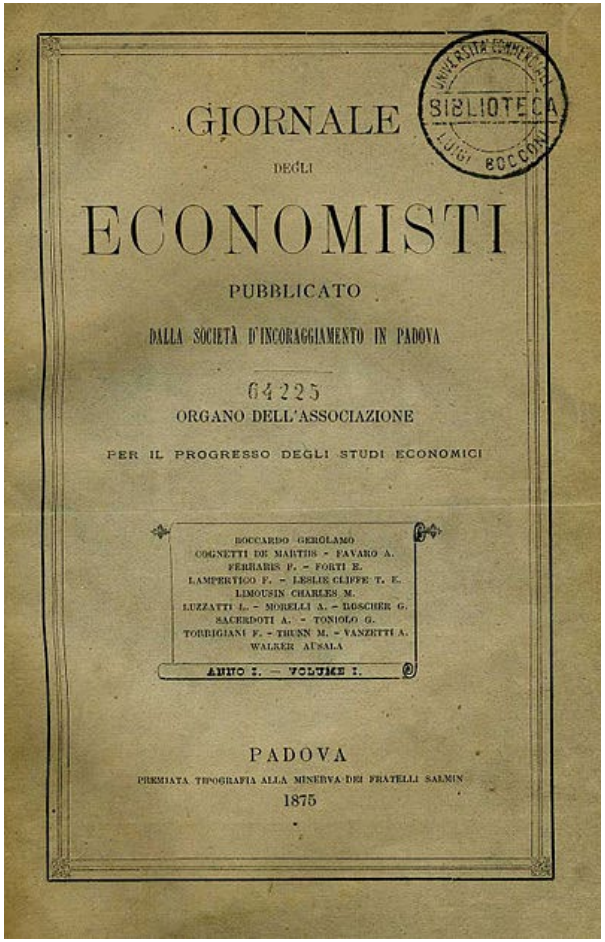

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BY

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TRANSLATED BY

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OF THE MIDDLE TEMPLE; BARRISTER-AT-LAW

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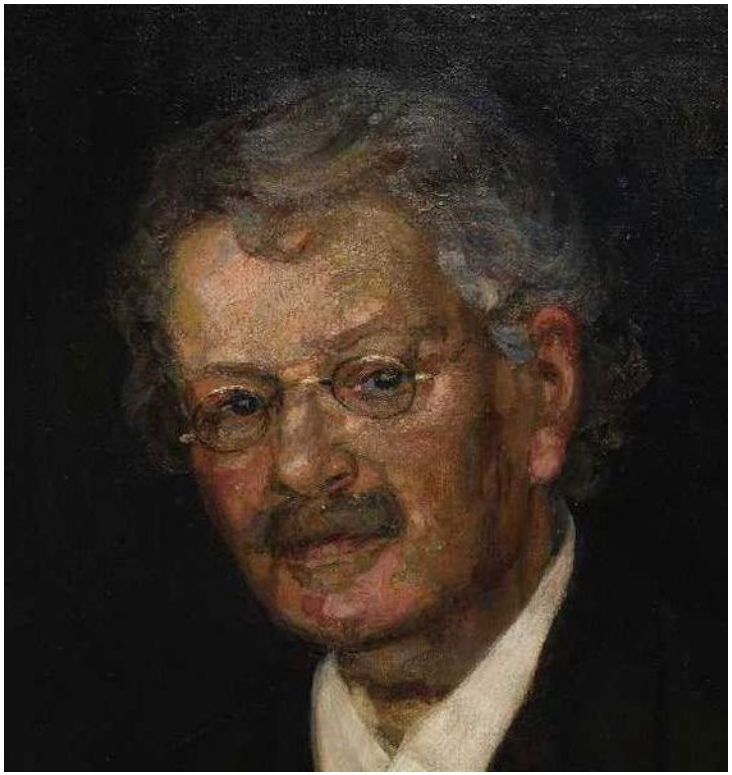

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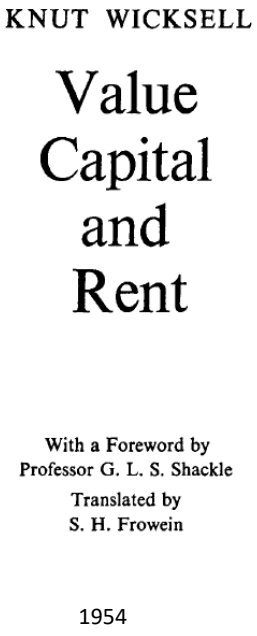
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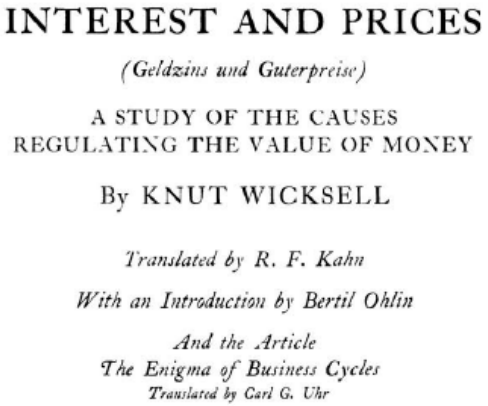
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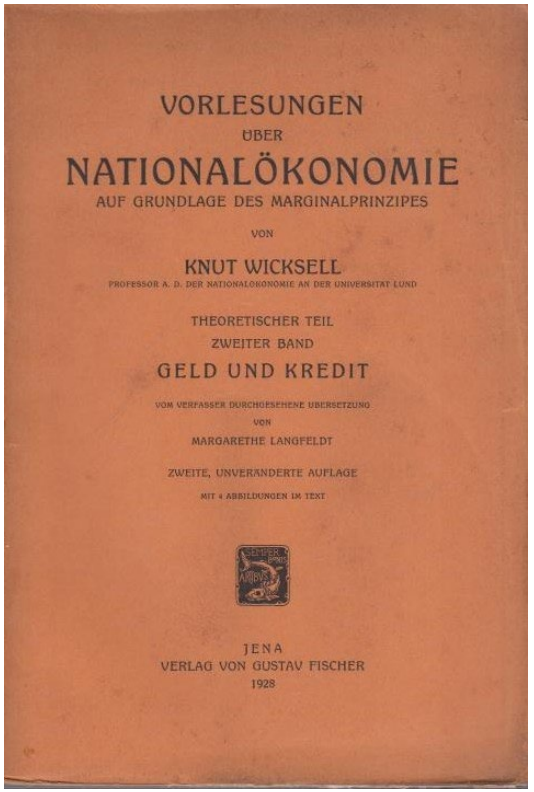

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- Cumulative process
- Capital time structure
- Theory of money

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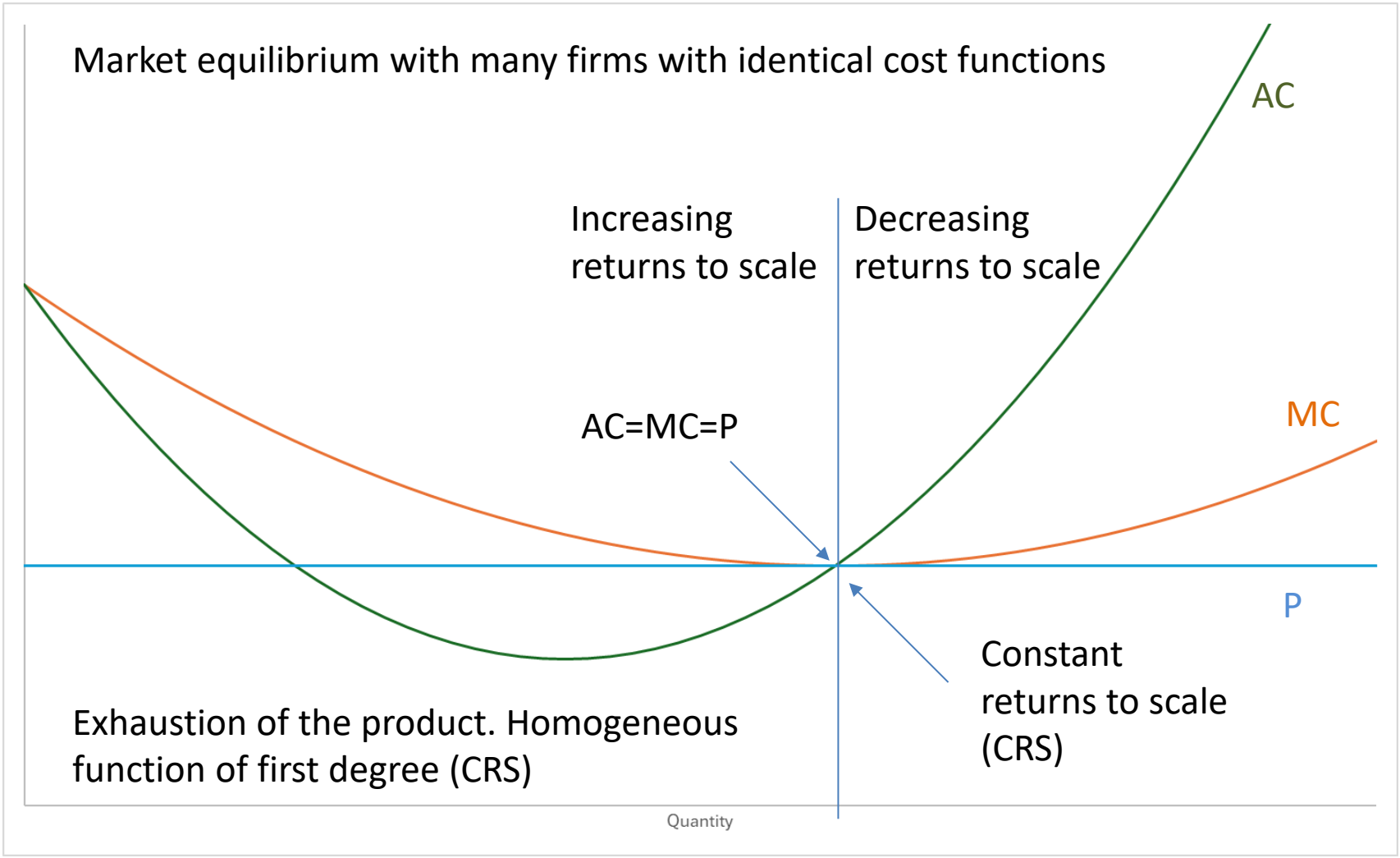

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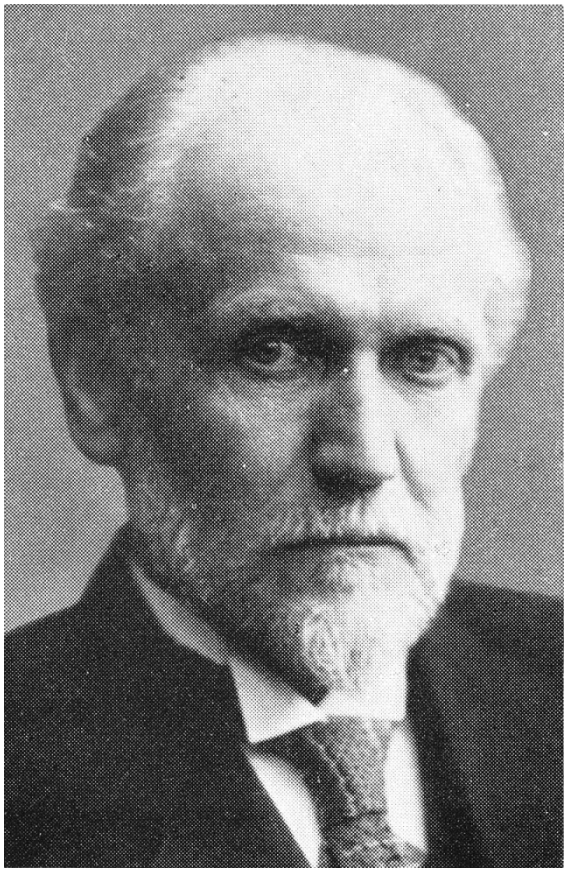

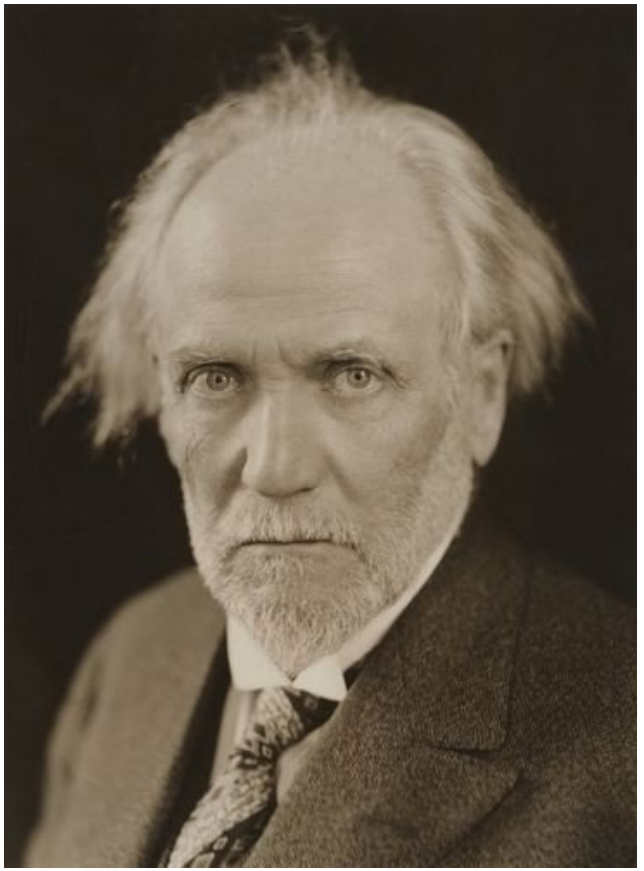

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Gustav Cassel

Theoretische Sozialökonomie,
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THE THEORY OF SOCIAL ECONOMY

By GUSTAV CASSEL

Professor at the University of Stockholm

Translated by JOSEPH McCABE

VOL. I.

T. FISHER UNWIN, LTD.
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demand of the whole of the consumers, for any particular article is settled. If we call the total demand for the n goods during the relevant period $D_1, D_2 \ldots D_n$, we can give these magnitudes as functions of the n prices, thus:

$$(1)\quad \begin{aligned} D_1 &= F_1(p_1 \ldots p_n) \\ D_2 &= F_2(p_1 \ldots p_n) \\ &\cdots\cdots\cdots \\ D_n &= F_n(p_1 \ldots p_n) \end{aligned}$$

$p_1 \ldots p_n$ being the prices of the n goods.

But in the equilibrium of the economy the demand for each individual article must be in harmony with the supply of it, as the fixing of prices in accordance with the principle of scarcity has to restrict the demand until it can be met out of the available supply of commodities. Consequently:

$$D_1 = S_1,\ D_2 = S_2 \ldots D_n = S_n$$

and so according to (1):

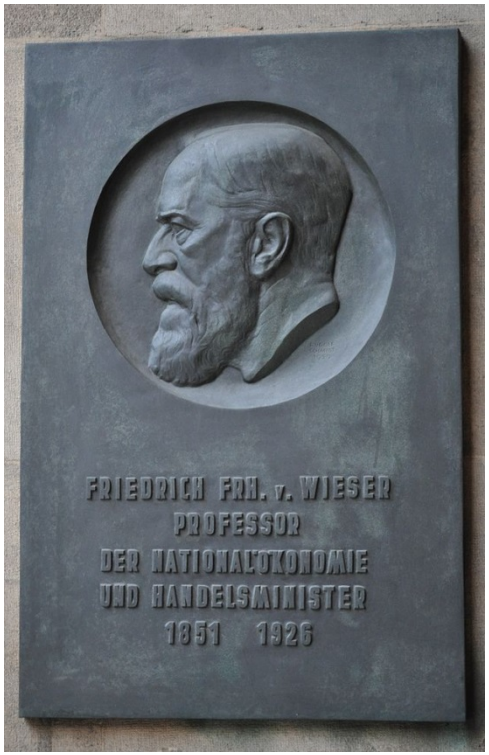
$$(2)\quad \begin{aligned} F_1(p_1 \ldots p_n) &= S_1 \\ F_2(p_1 \ldots p_n) &= S_2 \\ &\cdots\cdots\cdots \\ F_n(p_1 \ldots p_n) &= S_n \end{aligned}$$

Hence to solve the pricing problem in the simple case we are considering, we have only to regard the n prices as the unknown quantities of the problem, and take them as given in the usual mathematical way. We are then in a position to express the demand for the n goods in these prices according to equations (1), and equations (2) then follow as a consequence of the principle of scarcity.

Schumpeter: 90% Walras, 10% water.

Austria

Friedrich Freiherr von Wieser (1851 –1926)



Friedrich von Wieser (1851 –1926)

- *Grenznutz* marginal utility
- *Zurechnung* Imputation
- Opportunity cost

SOCIAL
ECONOMICS

By
FRIEDRICH von WIESER

Translated by
A. FORD HINRICHS
Assistant Professor of Economics, Brown University

With a Preface by
WESLEY CLAIR MITCHELL

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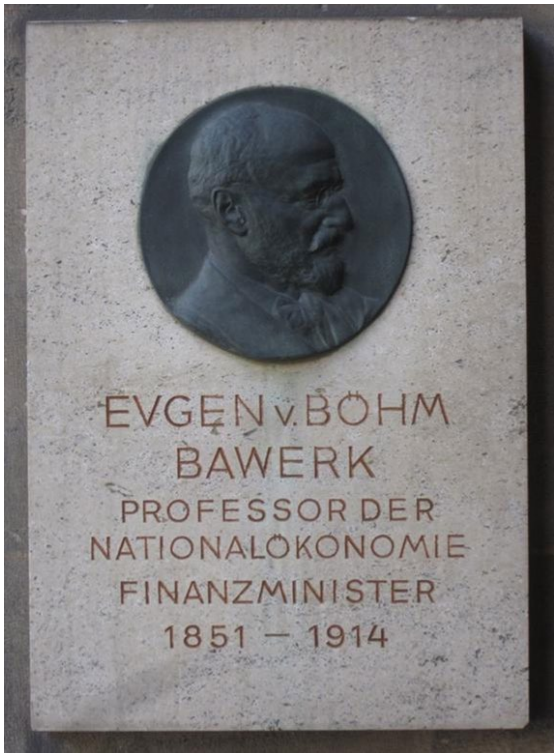

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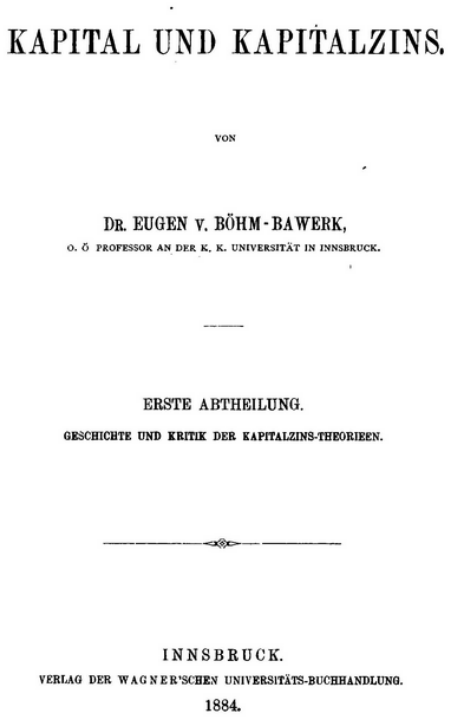

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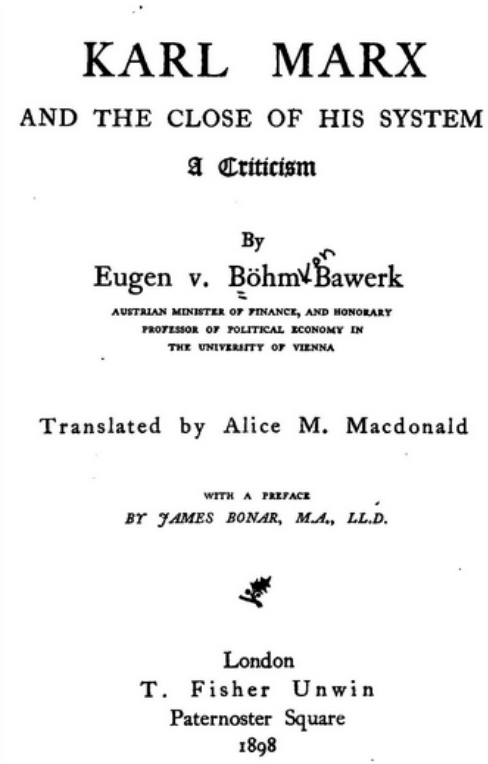

KARL MARX

AND THE CLOSE OF HIS SYSTEM

A Criticism

By

Eugen v. Böhm-Bawerk

AUSTRIAN MINISTER OF FINANCE, AND HONORARY PROFESSOR OF POLITICAL ECONOMY IN THE UNIVERSITY OF VIENNA

Translated by Alice M. Macdonald

WITH A PREFACE BY JAMES BONAR, M.A., LL.D.

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Eugen von Böhm-Bawerk, "Zum Abschluß des Marxschen Systems", in *Staatswissenschaftliche Arbeiten. Festgaben für Karl Knies*, hrsgb. von Otto von Boenigk, Haering: Berlin 1896, S. 87-205.

Critique of Marx on the transformation of labour values into production prices: Valid only for a stable organic composition of capital

Eugen von Böhm-Bawerk (1851 –1914)

(1) the justified expectation of an objectively more abundant satisfaction of future needs; (2) the subjective underestimation of future needs or overestimation of future resources, due to incorrect calculations or weakness of will which causes the apparent superiority of present over future goods; and (3) the technical superiority of present goods (including present productive goods) over those in the future.

Theory of interest rate and capital

Imperfect competition

- Piero Sraffa (1898-1983)
- Edward Chamberlin (1899-1967)
- Joan Robinson (1903-1983)

Piero Sraffa (1898-1983)

"Sulle relazioni tra costo e quantità prodotta»,
Annali di economia, II, 1925
"The Laws of Returns under Competitive Conditions",
Economic Journal, 1926, 36(144)

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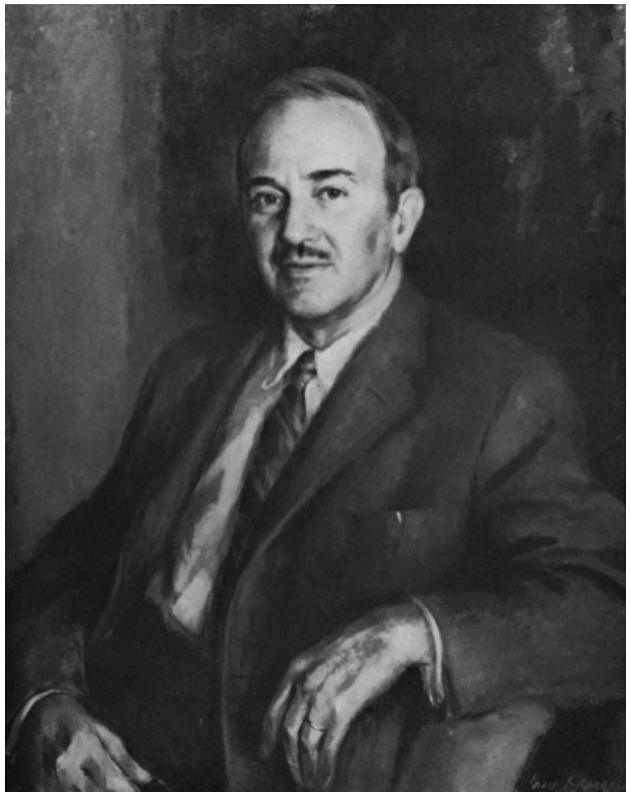

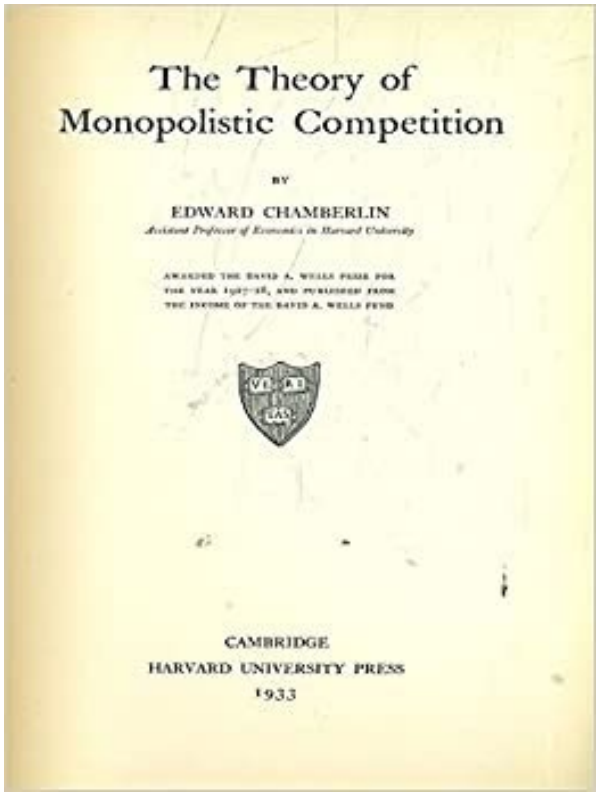

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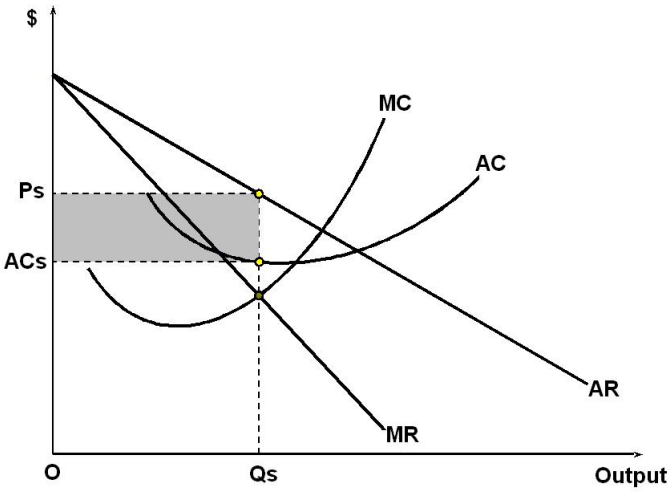

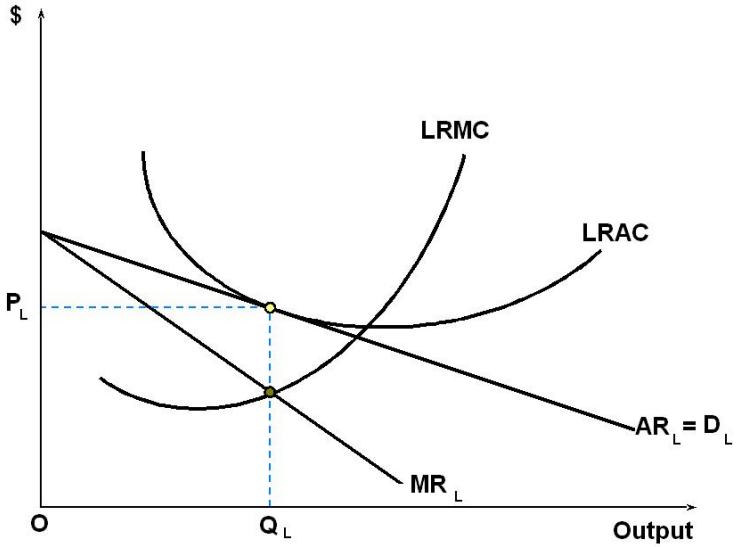

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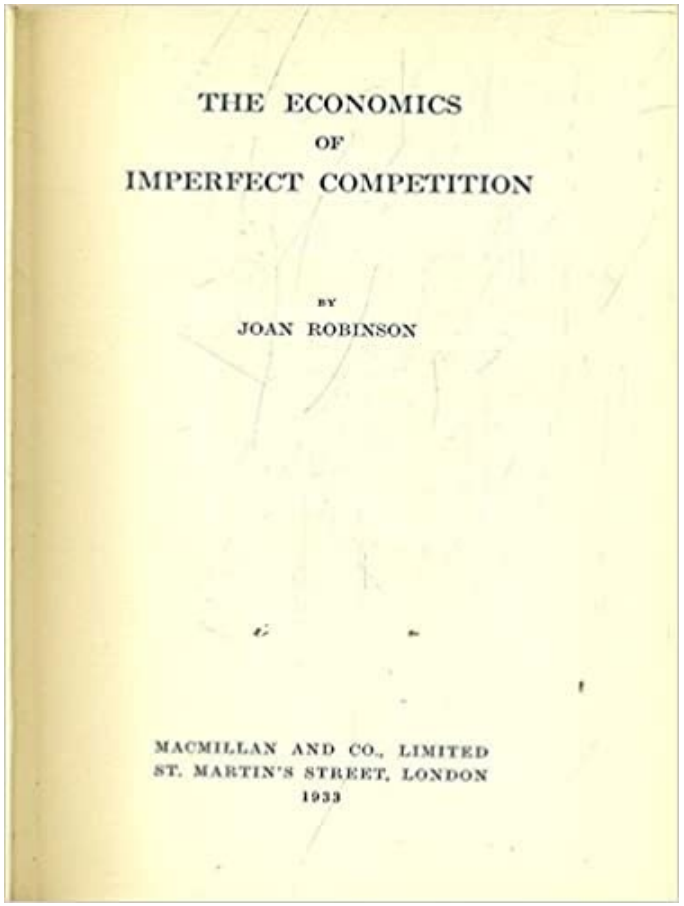

Joan Robinson (1903-1983)

OM is the total output, and is equal to $OM_1 + OM_2$.
MC is the marginal cost of the output OM.

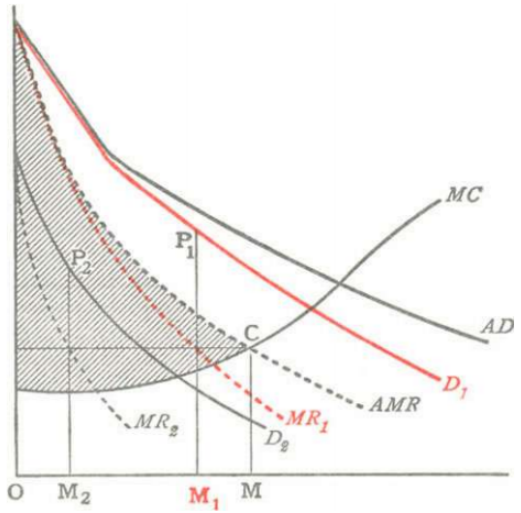

FIG. 61.

OM_1 is sold at the price M_1P_1 in market I. OM_2 is sold at the price M_2P_2 in market II. The shaded area shows the monopoly revenue, which is equal to the area lying under the aggregate marginal revenue curve (total revenue) *minus* the area lying under the marginal cost curve (total costs).

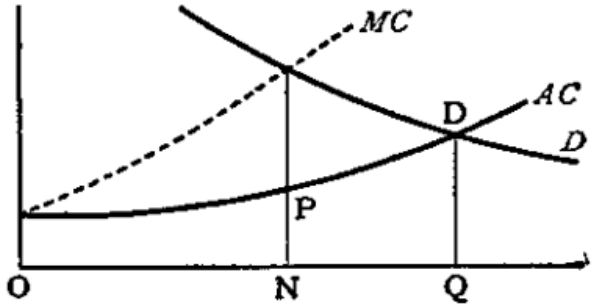

FIG. 66.

MC is the marginal cost curve to the industry, and this is the marginal cost curve from the point of view of the monopsonist.
AC is the average cost curve of the industry, or the supply curve.
The monopsonist will buy that output (ON) at which marginal utility (or competitive demand price) is equal to marginal cost, and he will pay NP, the supply price for that output, which is less than the competitive price (QD).

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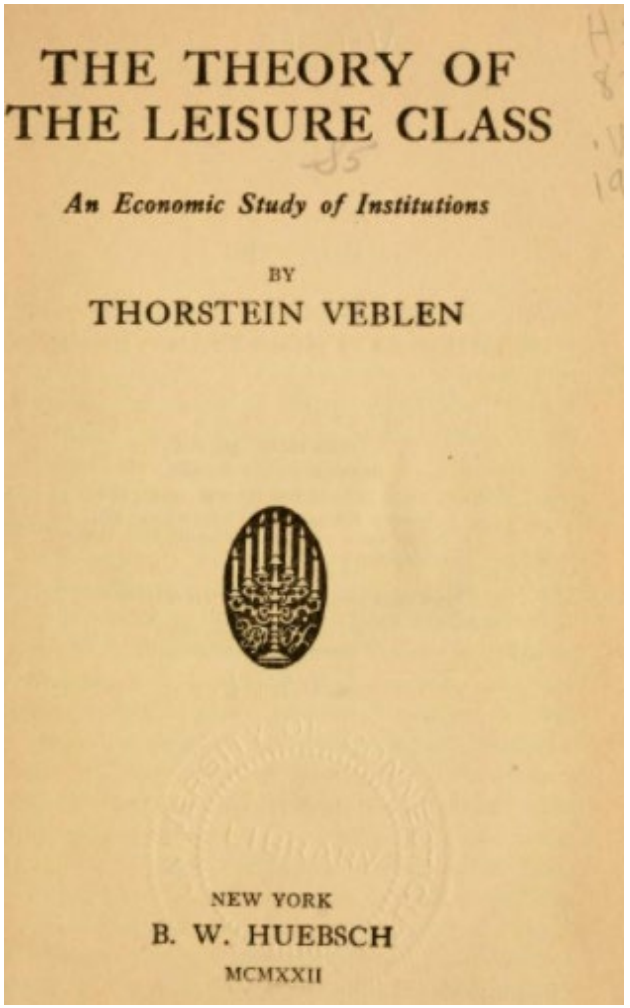

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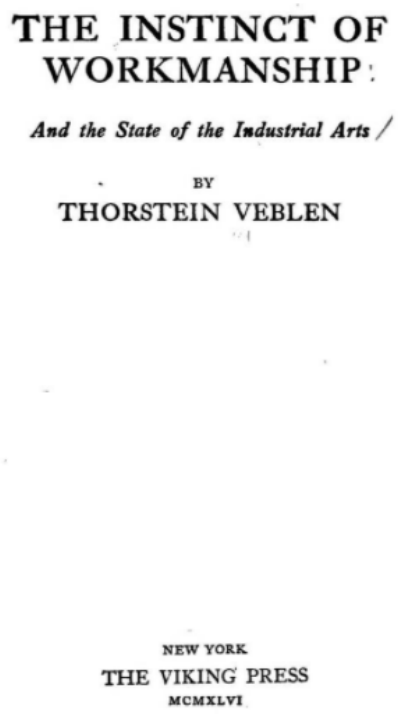
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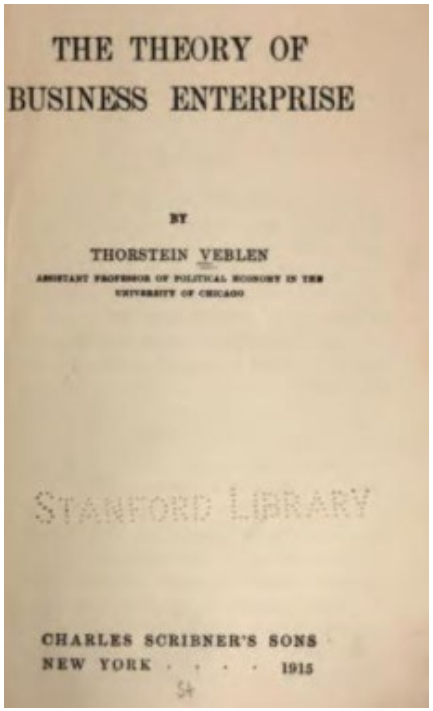
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— (1917). *An Inquiry into the Nature of Peace and the Terms of Its Perpetuation*. New York: MacMillan.
— (1918). *The Higher Learning In America*. New York: Huebsch.
— (1919). *The Place of Science in Modern Civilisation and Other Essays*. New York: Huebsch.
— (1919). *The Vested Interests and the Common* Man. New York: Huebsch.
— (1921). *The Engineers and the Price System*. New York: Huebsch..
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Transactions determine legal control, while the classical and hedonic economics was concerned with physical control. Legal control is future physical control. The three social relations implicit in transactions are conflict, dependence and order. Social philosophies differ economically according to the kind of transactions which they place uppermost.

American Economic Review (1931), 21 (4), pp. 648-657

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FORMERLY DIRECTOR OF THE MILWAUKEE BUREAU OF ECONOMY AND EFFICIENCY AND MEMBER OF THE INDUSTRIAL COMMISSION OF WISCONSIN

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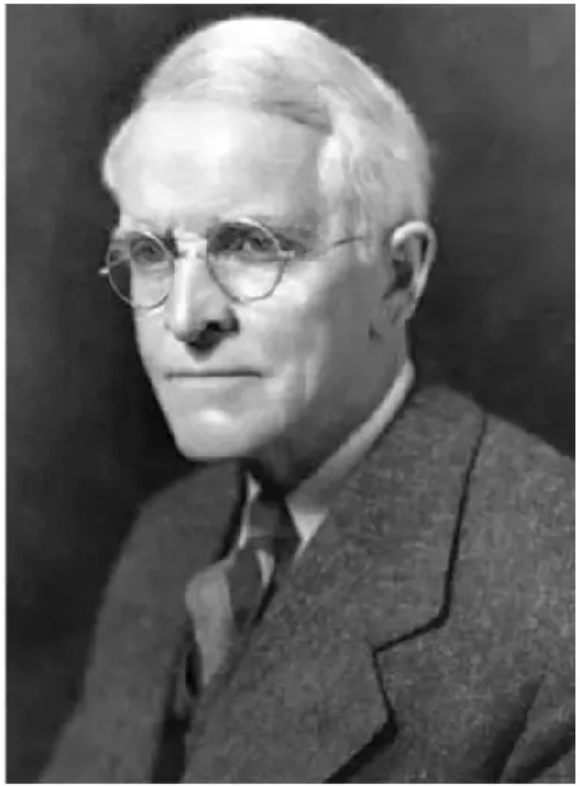

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The Problem and Its Setting

WESLEY C. MITCHELL

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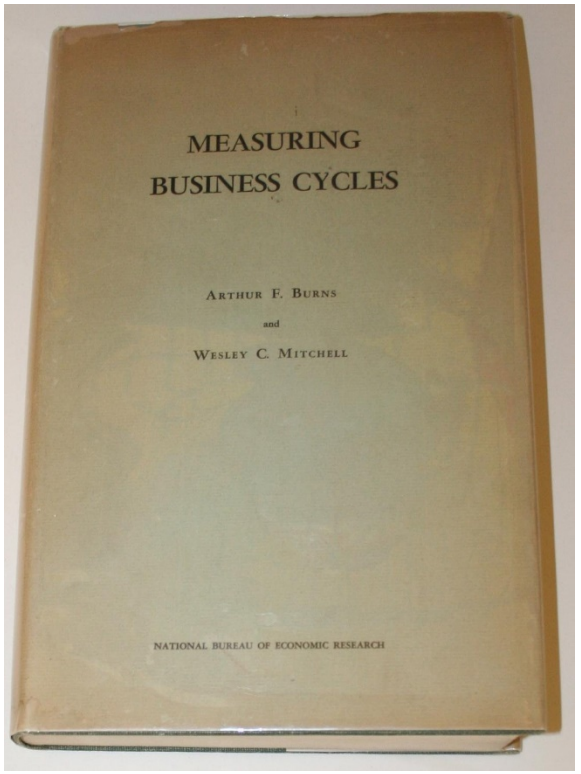
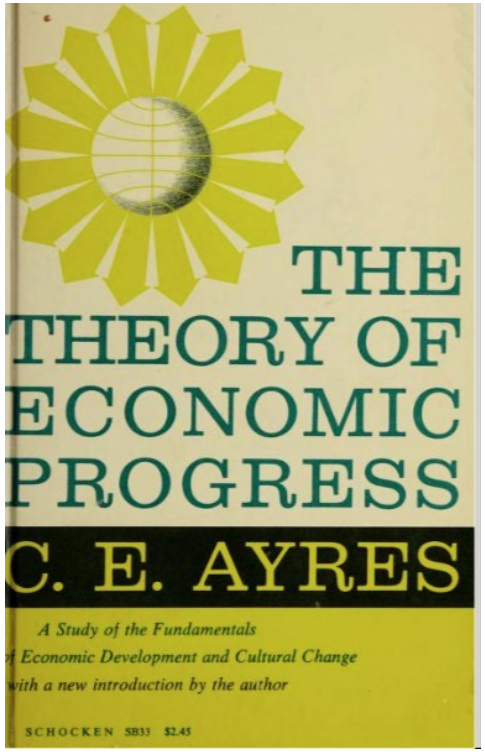
NEW YORK



Clarence Edwin Ayres (1891-1972)



End of Lecture

MPhil (Econ.) & MSc (Political Economy)

Dept. of Economics

National and Kapodistrian University of Athens

Lecture 10: After the consolidation of neoclassical economics: Schumpeter, Keynes, Kalecki

Nicholas J. Theocharakis

Objectives of the lecture

- To demonstrate the differences between neoclassical economics and classical political economy
- To analyse the economic theories of Joseph Schumpeter
- To analyse the economic theories of John Maynard Keynes
- To analyse the economic theories of Michal Kalecki

Contents

- Differences between neoclassical economics and classical political economy
- Joseph A. Schumpeter
- John Maynard Keynes
- Michal Kalecki

Differences between classical *political economy and neoclassical economic theory*

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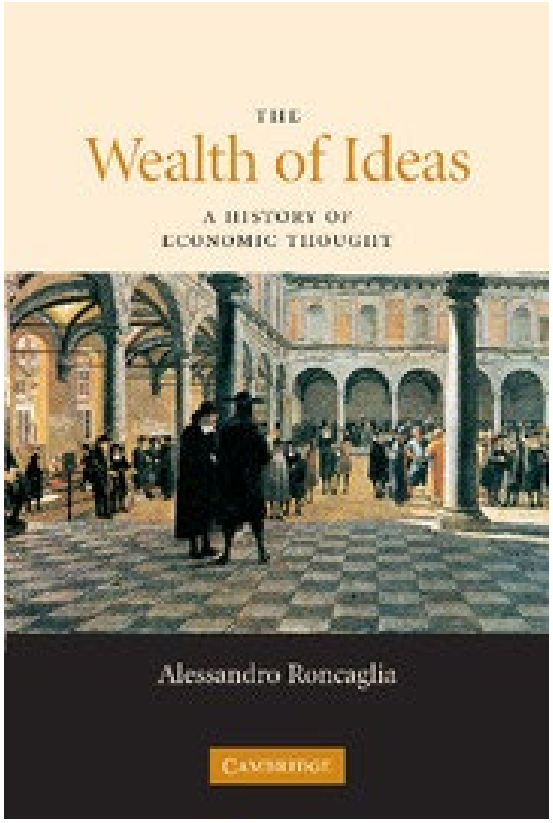


Alessandro Roncaglia, *The Wealth of Ideas*, Cambridge UP, 2005

Differences between classical political economy and neoclassical economic theory

First of all, within the classical approach the economic problem was conceived as analysis of those conditions that guarantee the continuous functioning of an economic system based on the division of labour, and hence analysis of production, distribution, accumulation and circulation of the product. In the case of the marginalist approach, by contrast, the economic problem concerned the optimal utilisation of scarce available resources to satisfy the needs and desires of economic agents.

Differences between classical political economy and neoclassical economic theory

Secondly, the classical economists' objective view of value, based on the difficulty of production, contrasts with the subjective view of the marginalist approach, based on evaluation of utility of commodities on the part of the consumers.

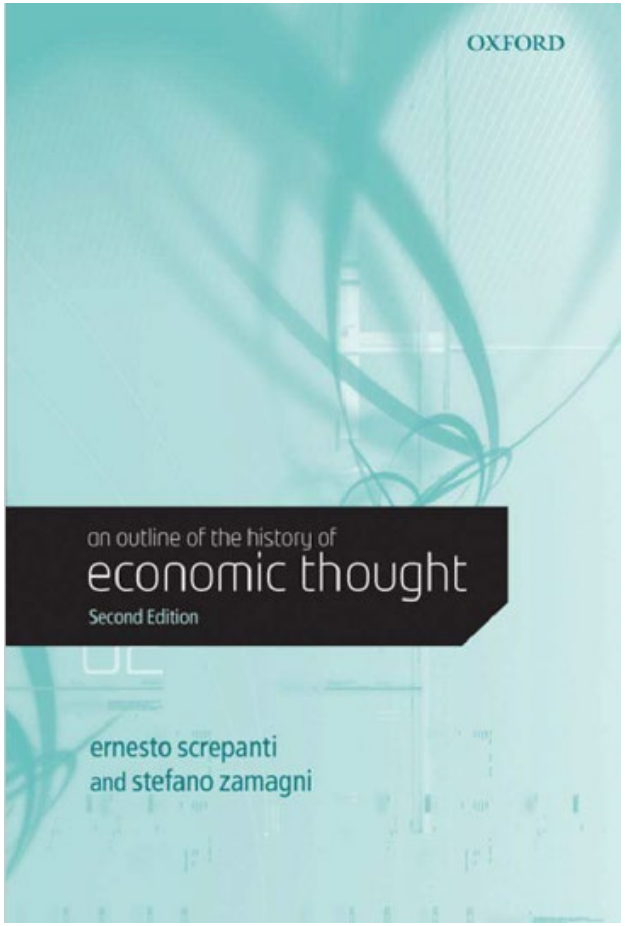
Thirdly, as a consequence of these differences, the notion of equilibrium took on a central role in the marginalist approach, again marking it out from the classical approach: equilibrium corresponded to conditions of optimal utilisation of scarce available resources, and was therefore identified by a set of values for all economic variables, prices and quantities simultaneously. The classical approach held the problem of relative prices distinct from the problem of decisions concerning accumulation and production levels; at the most, one might speak of equilibrium with reference to the levelling of sector profit rates stemming from the competition of capitals, while the term 'balancing', which did not imply a precise equality, was preferred when speaking of demand and supply (as in the expression 'The balance between supply and demand').

Differences between classical political economy and neoclassical economic theory

Fourthly, in accordance with the above points, prices acquired the meaning of indicators of relative difficulty of production for the classical approach, and of indicators of scarcity (relative to consumers' preferences) within the marginalist approach.[3]

Fifthly, and finally, income distribution was no more or less than a specific case of price theory in the context of the marginalist approach (where it concerned the prices of the 'factors of production'), while for the classical approach it was a problem with autonomous characteristics, concerning the role of different social classes and their power relations.[4]

Differences between classical *political economy and neoclassical economic theory*



Ernesto Screpanti & Stefano Zamagni, *An Outline of the History of Economic Thought*, Oxford UP, 2005, 2nd edition

Differences between classical political economy and neoclassical economic theory

Neoclassical economics

One characteristic of the new system which was apparent from the beginning was a reduction of interest in economic growth, the great theme of the economic theories of Smith, Ricardo, Marx, and all the classical economists. Attention, instead, was focused on the problem of the allocation of *given* resources. Certainly, the basic ideas of the classical economists concerning the problem of growth continued to be influential. In lesson 36 of the *Elements*, for example, Walras put forward a theory of economic evolution that could still be considered Ricardian. The same could be said, to give another example, of the process of 'growth of wealth' described by Marshall in his *Principles*. But it is a fact that, in spite of the presence of considerations concerning the dynamics of economic systems, the founders of the neoclassical theoretical system basically did not consider the problem of the evolution of industrial economies. The central argument of the theoretical research in this period was the study of a static equilibrium system, that is, an economy, as J. B. Clark was to say later, 'free to find the final levels of equilibrium determined by the factors available at any given moment of time' (*The Distribution of Wealth*, p. 29).

Differences between classical political economy and neoclassical economic theory

At the centre of the neoclassical system is the problem of the allocation of *given* resources among alternative uses.

In the analysis of the conditions ensuring the optimal allocation of given resources among alternative uses, the neoclassical economists identified a universally valid principle, one which was able, alone, to embrace the entire economic reality. As Robbins said: 'Scarcity of means to satisfy ends of varying importance is an almost ubiquitous condition of human behaviour. Here, then, is the unity of subject of Economic Science, the forms assumed by human behaviour in disposing of scarce means' (*An Essay on the Nature and Significance of Economic Science*, p. 15). The tendency to extend the basic model to every branch of economic investigation was reinforced during the course of the century until it culminated in the argument of P. A. Samuelson that there is a simple principle at the heart of all economic problems: a mathematical function to maximize under constraints.

Differences between classical political economy and neoclassical economic theory

Another characteristic that unites the three founding fathers, and one which was to remain a pillar of the neoclassical system, is their acceptance of the utilitarian approach; an approach which numbered among its forerunners Galiani, Beccaria, Bentham, Say, Senior, Bastiat, Cournot, and, above all, Gossen. In fact, the most important theoretical contribution of Jevons, Menger, and Walras lies, still more than in their complete and coherent reformulation of the utility theory of value and in the hypothesis of decreasing marginal utility, in the way they modified the utilitarian foundation of political economy. Their marginalism gave credit to a special version of utilitarian philosophy, one for which human behaviour is exclusively reducible to rational calculation aimed at the maximization of utility. They considered this principle to be universally valid: alone, it would have allowed the understanding of the entire economic reality.

Differences between classical political economy and neoclassical economic theory

A third distinctive element relates to the method. The neoclassical method is based on the principle of the variation of proportions, the so-called 'substitution principle', a method which has no equivalent in classical economics. In the theory of consumption, the substitutability of one basket of goods for another is assumed; in the theory of production, the substitutability of one combination of factors for another. The analysis is carried out in terms of the alternative possibilities among which the subjects, both consumers and producers, can choose. And the objective is the same: to search for the conditions under which the optimal alternative is chosen. This method presupposes that the alternatives at stake are 'open' and that the decisions taken are *reversible*; otherwise, the substitution principle would have no rational ground.

Differences between classical political economy and neoclassical economic theory

A fourth distinctive characteristic of the neoclassical approach concerns the economic agents. If they are subjects able to make rational decisions with a view to maximizing an individual goal, such as utility or profit, they must be individuals, or, at the most, 'minimum' social aggregates characterized by the individuality of the decision-making unit, such as households and companies. Thus the collective agents, the social classes and 'political bodies', which the mercantilists, the physiocrats, the classical economists, and Marx had placed at the centre of their theoretical systems, disappear from the scene. With neoclassical thought methodological individualism definitely entered economic science: knowledge of the properties of a system comes from the knowledge of the properties of its elements.

Differences between classical political economy and neoclassical economic theory

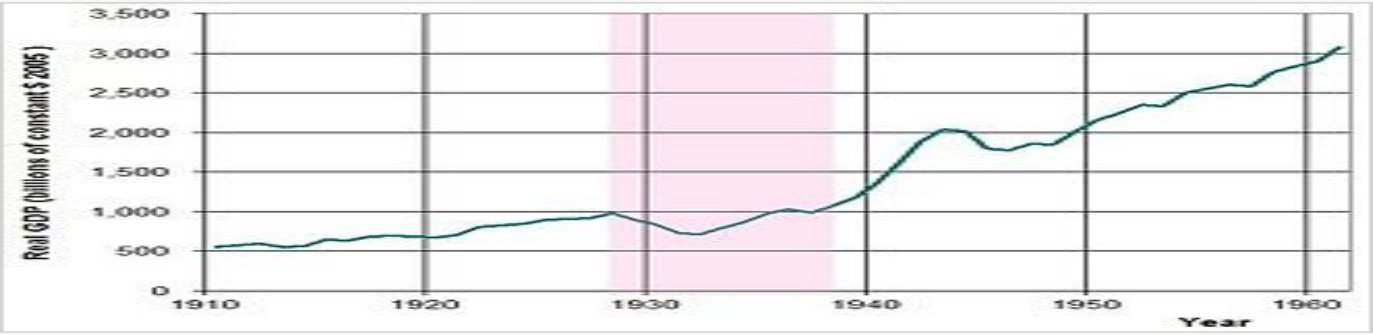
A fifth characteristic is represented by the final attainment of an objective to which many classical economists had aspired but which nobody had ever realized completely: the historicity of economic laws. Economics was likened to the natural sciences, physics in particular, and economic laws finally assumed that absolute and objective characteristic of natural laws. The pervasiveness of the problem posed by the neoclassical economists, the problem of scarcity, establishes the universal validity of the economic laws. But for this to make sense, it is necessary to remove social relations from the field of economics, exorcizing them as a superstition, a waste of time, a subject not in line with the new scientific achievements. With the marginalist revolution also originated that reductionist project of economics which has marked all the successive neoclassical thought, a project according to which economics has no other field of research than technical relationships (the relationships between man and nature). Thus, while individualistic reductionism had led to the elimination of social classes, the anti-historicist reduction led to the elimination of social relations—which obviously meant that the study of their change also lost importance. While in the work of the classical economists and Marx the analytical apparatus was constructed with explicit reference to the capitalistic system whose laws of movement they wished to investigate, the neoclassical paradigm aimed for a complete historicity. Naturally, this was not easy to achieve. Even Walras, for example, had to use notions such as capital, interest, entrepreneur, wages—notions which make sense only in reference to the capitalist system.

Differences between classical political economy and neoclassical economic theory

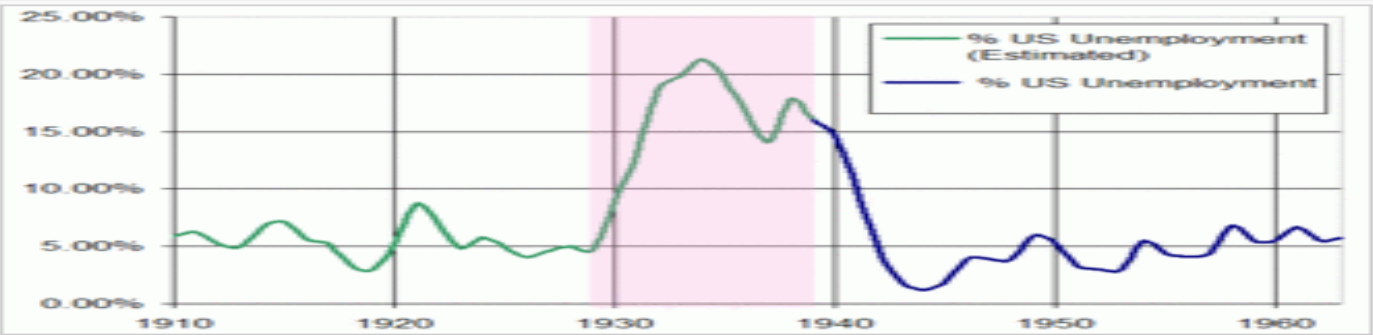
Finally, a sixth important distinctive element of the neoclassical system lies in the substitution for the objective theory of value of a subjective one. At the base of the principle of subjective value is the argument that all values are individual and subjective. 'Individual' means that they are considered always as the ends of particular individuals. On the other hand, values are 'subjective' in that they arise from a process of choice: an object has value if it is desired by at least somebody. The principle of subjectivity implies that a value is such because somebody has chosen it as an end; whereas the principle of individuality postulates that there must be a particular individual to which that end can be attributed. In the opposite conception, that of objective value, values exist independently of individual choices. The individual can accept or reject values but he is not able to influence them. An immediate and important consequence of the neoclassical approach in regard to the question of value is that the theory of the distribution of income becomes a special case of the theory of value, a problem of determining the prices of the services of the productive factors rather than of sharing out income among the social classes.

The Great Depression

The Great Depression

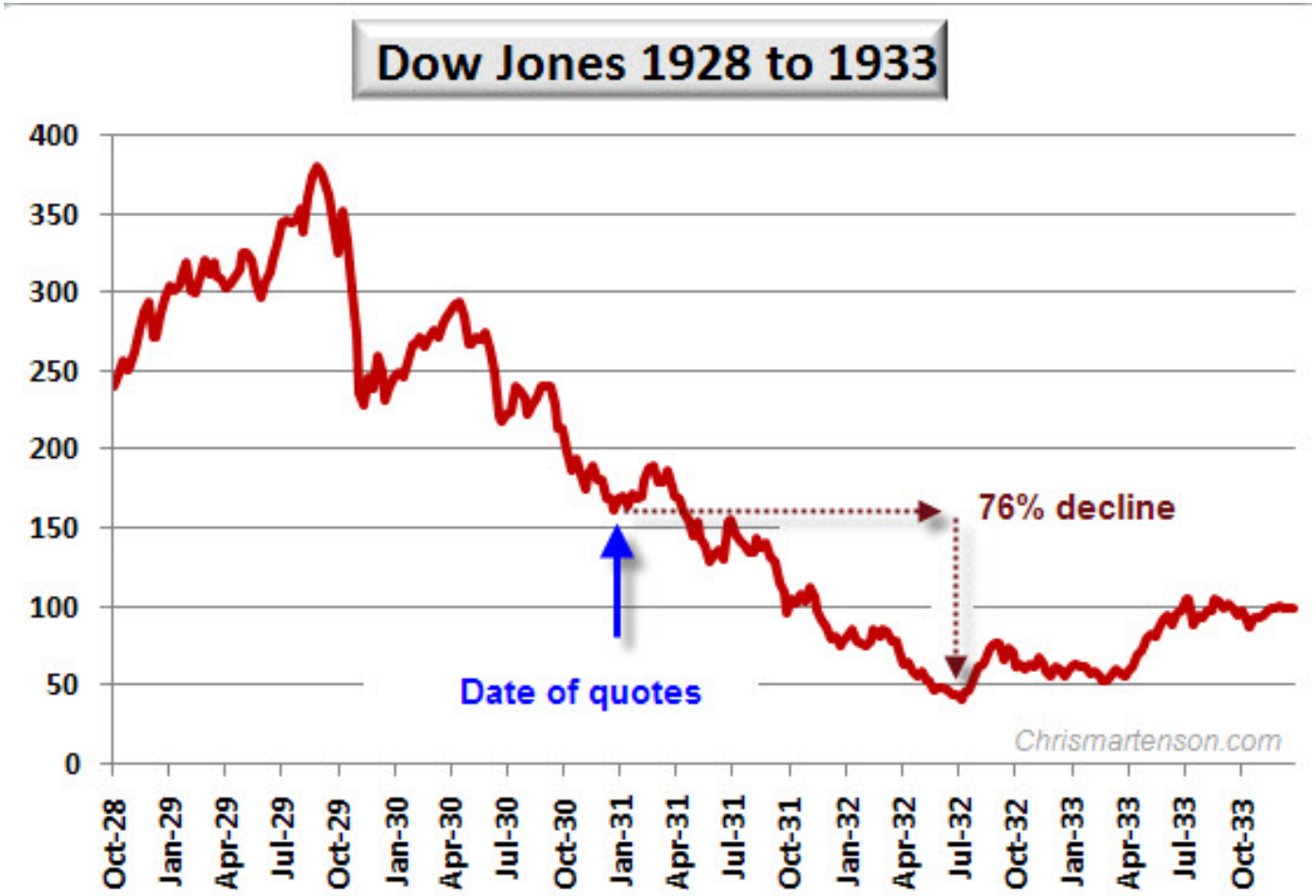


USA annual real GDP from 1910—60, with the years of the Great Depression (1929—1939) highlighted.

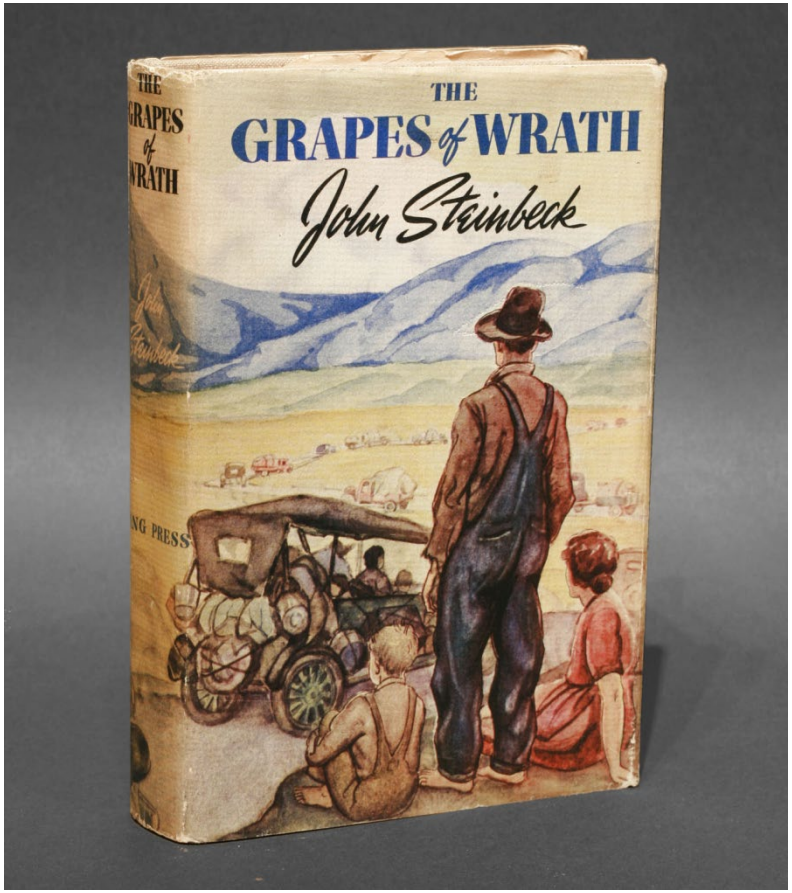


The unemployment rate in the US 1910—1960, with the years of the Great Depression (1929—1939) highlighted.

The Great Depression



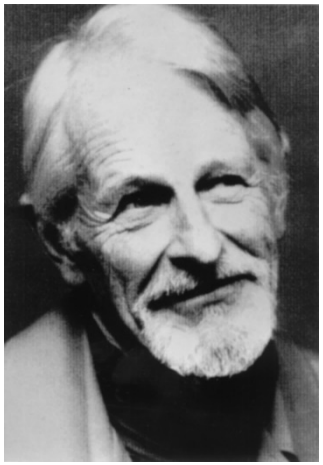
The Great Depression



The Great Depression

I went to university in the fateful 1930, and during the four-year course I watched the almost complete collapse of the American economy. I also had occasion, at that time, to hear my Professor of Banking, who was also the Vice-President of the New York Federal Reserve, admitting during a lecture that he did not know why the President had ordered the closure of all the banks the day before. My grandfather's bank did not open again and later my father also went bankrupt. I studied these events: my conversion can be seen from the fact that the subject of my thesis was Marxism. Having observed the incompetence and impotence of the Government, I decided to change to Economics, hoping to find there the key to understanding the events: even if this was rendered impossible by the useless orthodoxy of the period.

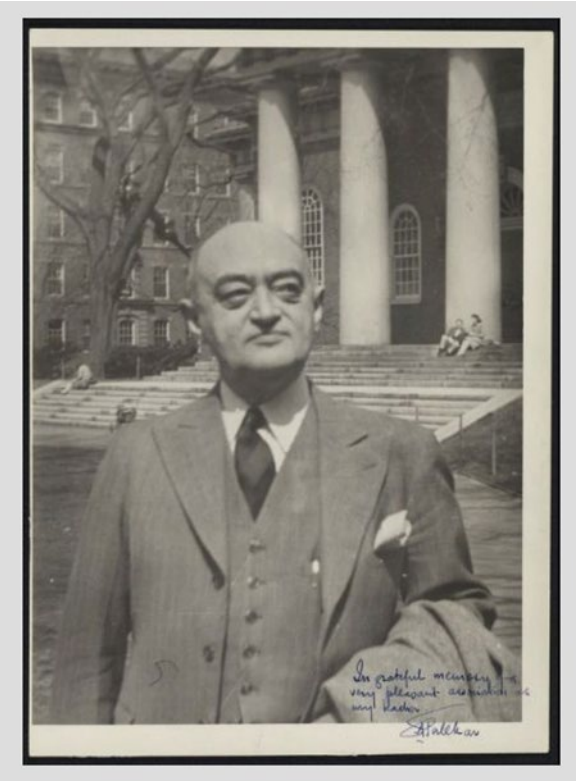
R.M. Goodwin



3 Theoretical paths
1.Marxism
2.Introversion (Rigour vs. Relevance)
3.Change of theory

Joseph Alois Schumpeter (1883–1950)

Joseph Alois Schumpeter (1883–1950)



Harvard University, Harvard University Archives, W369445_1

Joseph Alois Schumpeter (1883–1950)

Harvard University, Harvard University Archives, W369441_1

Joseph Alois Schumpeter (1883–1950)

1883 Born in Triesch [Třešť] in Moravia, now in the Czech Republic, then part of the Austro-Hungarian Empire.
1901 Studies economics at the Vienna School of Law
Professors Friedrich von Wieser, Eugen von Philippovich, Eugen von Böhm- Bawerk.
Classmates Ludwig von Mises, Emil Lederer and the Austro-Marxists Otto Bauer and Rudolf Hilferding.
1906 Doctor of Laws.
Goes to Cairo to the International Court of Justice
1908 *Das Wesen und der Hauptinhalt der theoretischen Nationalökonomie*. [The essence and main content of theoretical political economy] Habilitationschrift. [postdoctoral thesis]
1909 Teaches at Czernowicz
1911 *Theorie der wirtschaftlichen Entwicklung: eine Untersuchung über Unternehmergewinn, Kapital, Kredit, Zins und den Konjunkturzyklus* [*Theory of economic development: a study of entrepreneurial profit, capital, credit, interest and the business cycle]*
1911-1918 Professor at Graz

Joseph Alois Schumpeter (1883–1950)

1914 *Epochen der Dogmen- und Methodengeschichte* [*Economic doctrine and method : an historical sketch]*
1919 Minister of Finance of the Austrian Republic.
1920-1924 President of the Biedermann Bank, Bankruptcy.
1924 Professor in Bonn
1926 Death of his mother and second wife
1932 Professor at Harvard
1939 *Business Cycles: a Theoretical, Historical and Statistical Analysis of the Capitalist Process*.
1940-1941 President of the Econometric Society.
1942 *Capitalism, Socialism and Democracy*
1948 President of the American Economic Association
1950 Death
1952 *Ten Great Economists*
1954 *History of Economic Analysis*

Das Wesen und der Hauptinhalt

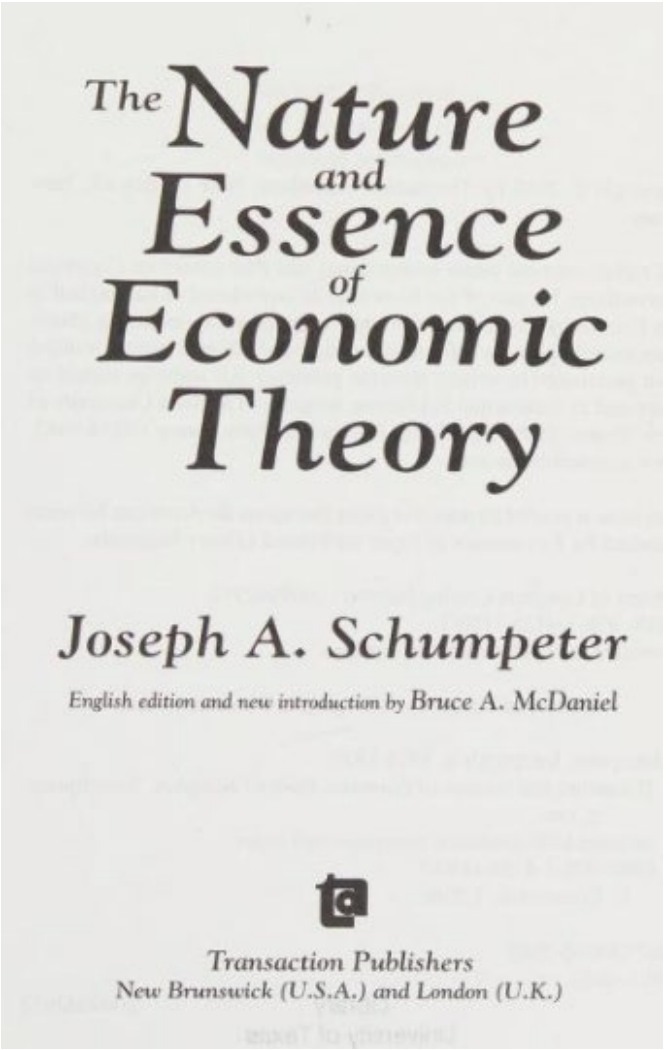
der

theoretischen Nationalökonomie.

Von

Dr. Joseph Schumpeter.

Leipzig.
Verlag von Duncker & Humblot.
1908.


The Nature and Essence of Economic Theory
Joseph A. Schumpeter
English edition and new introduction by Bruce A. McDaniel
Transaction Publishers
New Brunswick (U.S.A.) and London (U.K.)

Theorie der wirtschaftlichen Entwicklung

Eine Untersuchung
über Unternehmergewinn, Kapital, Kredit,
Zins und den Konjunkturzyklus

Von

Joseph Schumpeter

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3. Auflage 1930
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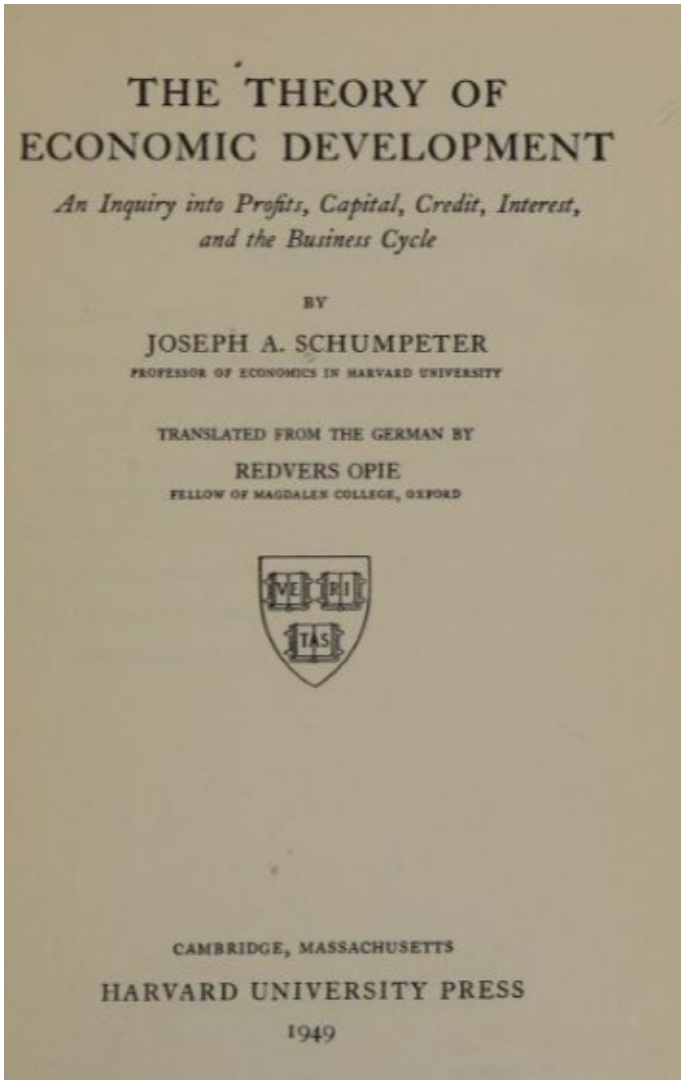


GRUNDRISS

DER

SOZIALÖKONOMIK

I. Abteilung

Wirtschaft und Wirtschaftswissenschaft

BEARBEITET

VON

K. BÜCHER, J. SCHUMPETER, FR. FREIHERRN von WIESER

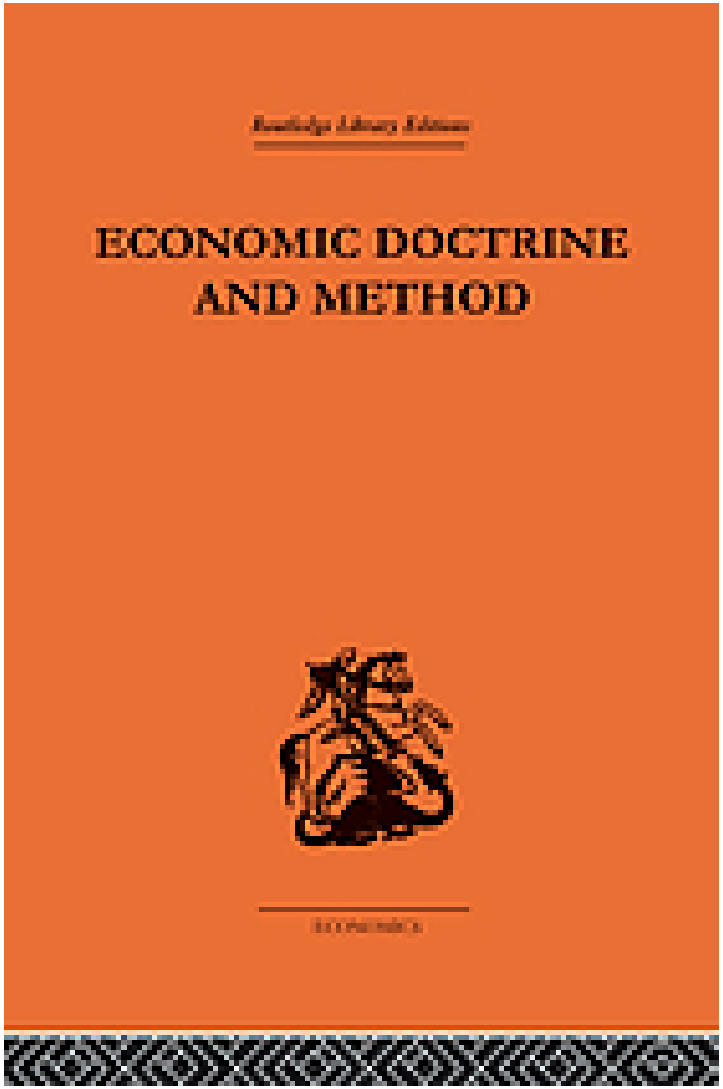
TÜBINGEN 1914
VERLAG VON J. C. B. MOHR (PAUL SIEBECK)

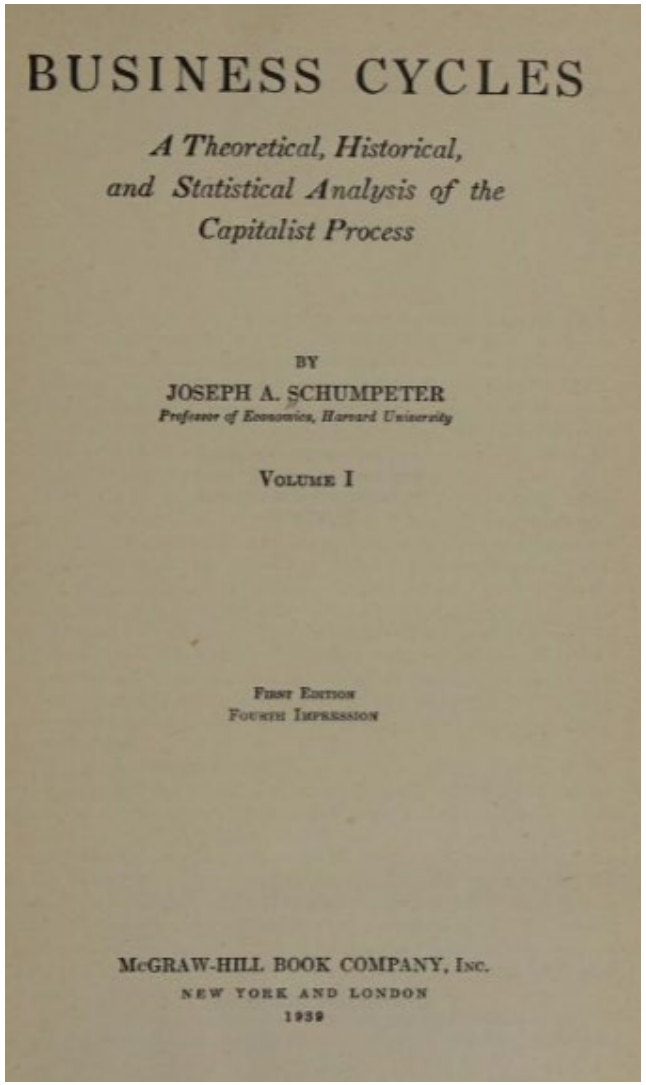
II.

Epochen der Dogmen- und Methodengeschichte.

Von

Joseph Schumpeter.





BUSINESS CYCLES

A Theoretical, Historical, and Statistical Analysis of the Capitalist Process

BY

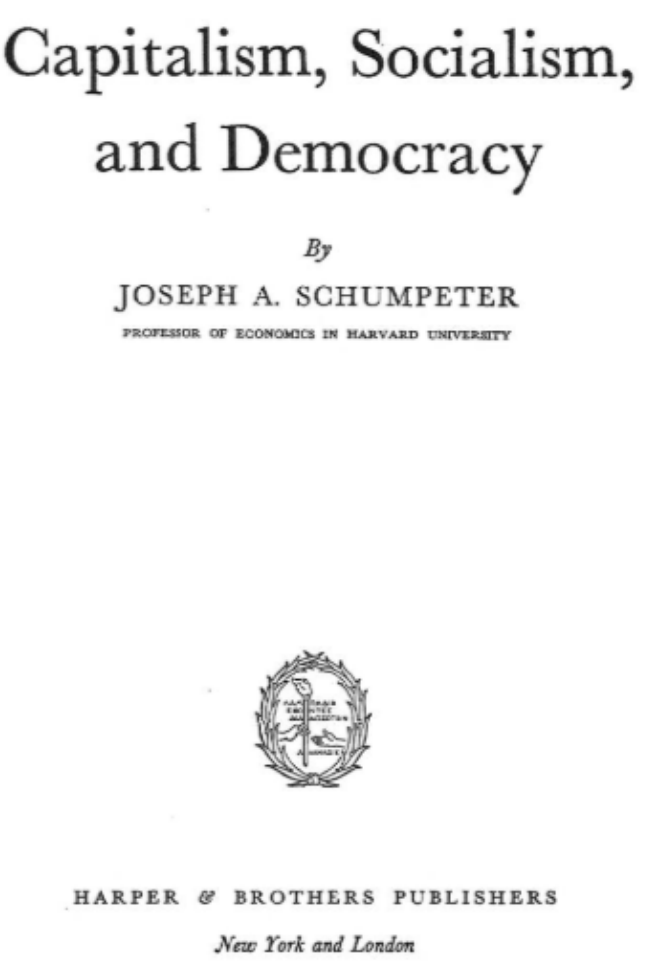
JOSEPH A. SCHUMPETER

Professor of Economics, Harvard University

VOLUME I

FIRST EDITION
FOURTH IMPRESSION

McGRAW-HILL BOOK COMPANY, INC.
NEW YORK AND LONDON
1939



Capitalism, Socialism, and Democracy

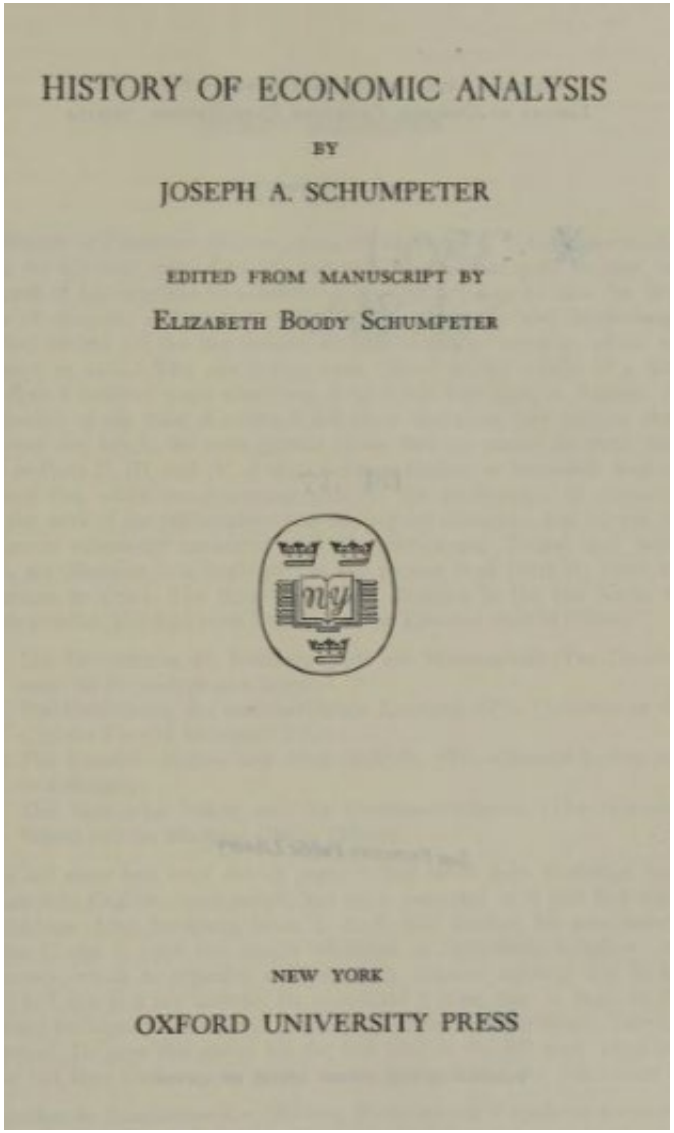
By

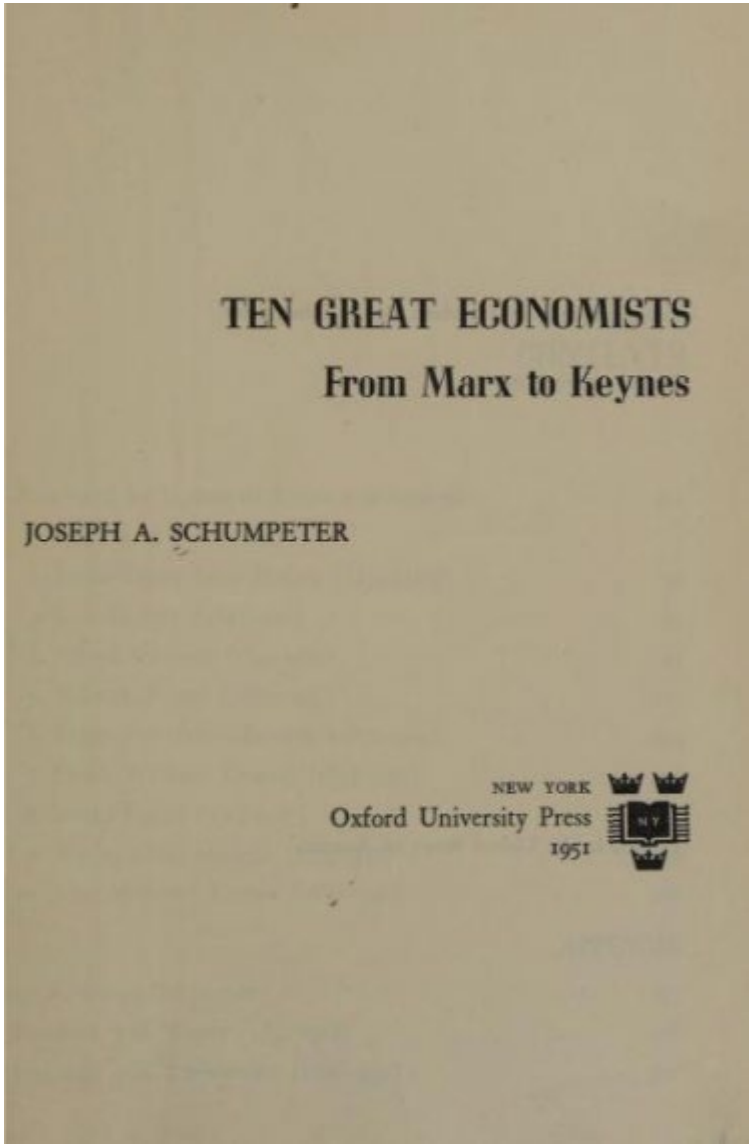
JOSEPH A. SCHUMPETER

PROFESSOR OF ECONOMICS IN HARVARD UNIVERSITY

HARPER & BROTHERS PUBLISHERS

New York and London


HISTORY OF ECONOMIC ANALYSIS
BY
JOSEPH A. SCHUMPETER
EDITED FROM MANUSCRIPT BY
ELIZABETH BOODY SCHUMPETER
NEW YORK
OXFORD UNIVERSITY PRESS


TEN GREAT ECONOMISTS
From Marx to Keynes
JOSEPH A. SCHUMPETER
NEW YORK
Oxford University Press
1951

Joseph Alois Schumpeter (1883–1950)

Das Wesen und der Hauptinhalt der theoretischen Nationalökonomie, 1908

The essence and main content of theoretical political economy

Methodological individualism

VI. Kapitel.

Der methodologische Individualismus.

§ 1. Wir haben die Unklarheiten, die um die Werthypothese und um das Problem der Motive des menschlichen Handelns herumliegen, aus unserem Wege entfernt. Es erübrigt nur noch zu rechtfertigen, daß auch wir vom Güterbesitze des Individuums ausgehen. Wir müssen sicher erwarten, daß das auf einigen Widerspruch stoßen wird, da bekanntlich die individualistische Betrachtungsweise gegengegenwärtig vielfach als verfehlt angesehen wird: Der Atomismus ist ja einer der beliebtesten Angriffspunkte der Gegner der Theorie. Die Betrachtung der Klassiker ging vom Individuum aus und die neuere Ökonomie ist derselben im großen und ganzen gefolgt und hat sich so denselben Angriffen ausgesetzt, welche zuerst gegen die ersten gerichtet wurden. Der Gegner der Theorie ist sich im allgemeinen nicht bewußt, daß ein und was für ein Unterschied zwischen dem alten und dem neuen System der Ökonomie in diesem Punkte besteht und richtet seine Argumente meist unterschiedlos gegen beide. Die Theoretiker sind die Antwort nicht schuldig geblieben, und wir haben eine jener Kontroversen vor uns, welche jene eigentümliche Resultatlosigkeit aufweisen, die wir bei so vielen die Grundfragen unserer Disziplin betreffenden Diskussionen finden: Beide Teile halten sich allgemeine Argumente vor und verteidigen dieselben mit einer durch die angenommene politische und soziale Tragweite derselben bedingten Erbitterung. Natürlich kann

Das Wesen und der Hauptinhalt

der

theoretischen Nationalökonomie.

Von

Dr. Joseph Schumpeter.

Leipzig,
Verlag von Duncker & Humblot.
1908.

http://mises.org/document/3862/Methodological-Individualism

Theorie
der wirtschaftlichen
Entwicklung

Eine Untersuchung
über Unternehmergewinn, Kapital, Kredit,
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Von

Joseph Schumpeter

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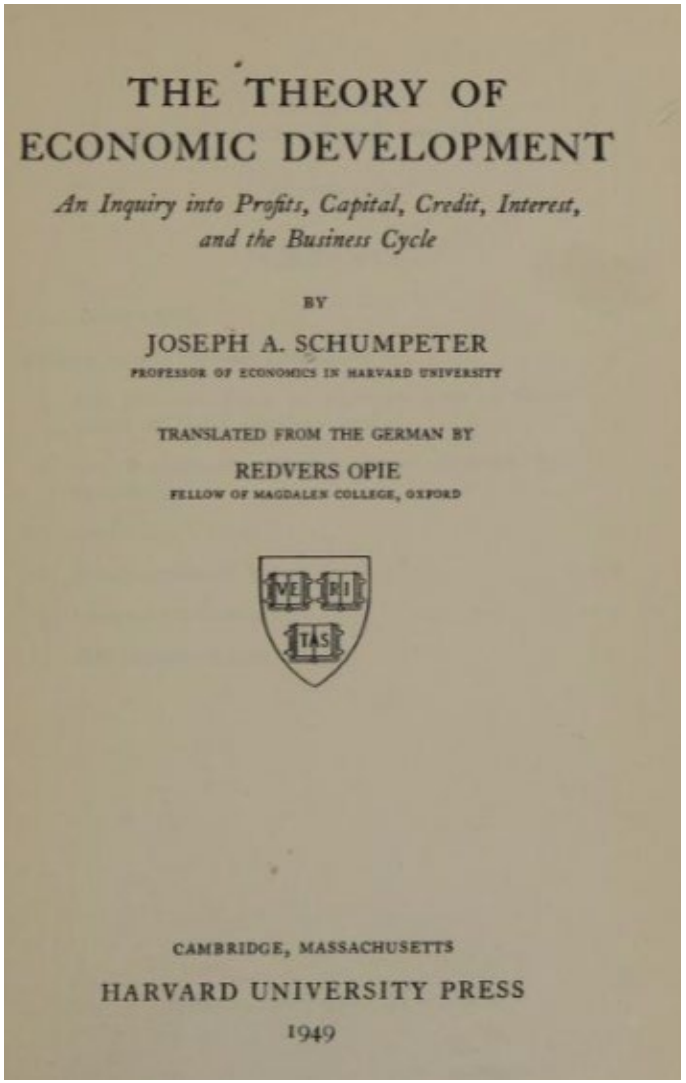


Joseph Alois Schumpeter (1883–1950)

Development in our sense is a distinct phenomenon, entirely foreign to what may be observed in the circular flow or in the tendency towards equilibrium It is spontaneous and discontinuous change in the channels of the flow, disturbance of equilibrium, which forever alters and displaces the equilibrium state previously existing Our theory of development is nothing but a treatment of this phenomenon and the processes incident to it.[1]

The author begs to add another more exact definition, which he is in the habit of using what we are about to consider is that kind of change arising from within the system *which so displaces its equilibrium point that the new one cannot be reached from the old one by infinitesimal steps* Add successively as many mail coaches as you please, you will never get a railway thereby

Circular flow vs. development (combinations)
Displacement of equilibrium

In so far as this is not the case, and the new combinations appear discontinuously, then the phenomenon characterising development emerges For reasons of expository convenience, henceforth, we shall only mean the latter case when we speak of new combinations of productive means. Development in our sense is then defined by the carrying out of new combinations.

This concept covers the following five cases: (1) The introduction of a new good — that is one with which consumers are not yet familiar — or of a new quality of a good. (2) The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially. (3) The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before. (4) The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created. (5) The carrying out of the new organisation of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position.

Joseph Alois Schumpeter (1883–1950)

in unserm Sinn. Soweit das nicht der Fall ist, sondern die neue Kombination nur diskontinuierlich auftreten kann oder tatsächlich auftritt, entstehen die der letztern charakteristischen Erscheinungen. Aus Gründen darstellerischer Zweckmäßigkeit meinen wir fortan nur diesen Fall, wenn wir von neuen Kombinationen von Produktionsmitteln sprechen. Form und Inhalt der Entwicklung in unserem Sinn ist dann gegeben durch die Definition: Durchsetzung neuer Kombinationen.

Dieser Begriff deckt folgende fünf Fälle:

1. Herstellung eines neuen, d. h. dem Konsumentenkreise noch nicht vertrauten Gutes oder einer neuen Qualität eines Gutes.
2. Einführung einer neuen, d. h. dem betreffenden Industriezweig noch nicht praktisch bekannten Produktionsmethode, die keineswegs auf einer wissenschaftlich neuen Entdeckung zu beruhen braucht und auch in einer neuartigen Weise bestehen kann mit einer Ware kommerziell zu verfahren.

3. Erschließung eines neuen Absatzmarktes, d. h. eines Marktes, auf dem der betreffende Industriezweig des betreffenden Landes bisher noch nicht eingeführt war, mag dieser Markt schon vorher existiert haben oder nicht.
4. Eroberung einer neuen Bezugsquelle von Rohstoffen oder Halbfabrikaten, wiederum: gleichgültig, ob diese Bezugsquelle schon vorher existierte. — und bloß sei es nicht beachtet wurde sei es für unzugänglich galt — oder ob sie erst geschaffen werden muß.
5. Durchführung einer Neuorganisation, wie Schaffung einer Monopolstellung (z. B. durch Vertrustung) oder Durchbrechen eines Monopols.

Joseph Alois Schumpeter (1883–1950)

value of its land or labor services, and nothing else. If we choose to call the manager or owner of a business "entrepreneur," then

---

he would be an *entrepreneur faisant ni bénéfice ni perte*,[1] without special function and without income of a special kind. If the possessors of produced means of production were called "capitalists," then they could only be producers, differing in nothing from other producers, and could no more than the others sell their products above the costs given by the total of wages and rents.

Joseph Alois Schumpeter (1883–1950)

The banker, stands between those who wish to form new combinations and the possessors of productive means. He is essentially a phenomenon of development, though only when no central authority directs the social process. He makes possible the carrying out of new combinations, authorises people, in the name of society as it were, to form them. He is the ephor of the exchange economy.

Joseph Alois Schumpeter (1883–1950)

We now come to the third of the elements with which our analysis works, namely the "new combination of means of production," and credit. Although all three elements form a whole, the third may be described as the fundamental phenomenon of economic development. The carrying out of new combinations we call "enterprise", the individuals whose function it is to carrv them out we call "entrepreneurs"

The essential function of credit in our sense consists in enabling the entrepreneur to withdraw the producers' goods which he needs from their previous employments, by exercising a demand for them, and thereby to force the economic system into new channels. Our second thesis now runs: in so far as credit cannot be given out of the results of past enterprise or in general out of reservoirs of purchasing power created by past development, it can only consist of credit means of payment created *ad hoc*, which can be backed neither by money in the strict sense nor by products already in existence.

Joseph Alois Schumpeter (1883–1950)

Capital is nothing but the lever by which the entrepreneur subjects to his control the concrete goods which he needs, nothing but a means of diverting the factors of production to new uses, or of dictating a new direction to production. This is the only function of capital, and by it the place of capital in the economic organism is completely characterised.

Thus, according to our point of view, capital is a concept of development to which nothing in the circular flow corresponds. *This concept embodies an aspect of the economic process which only the facts of development suggest to us.*

Joseph Alois Schumpeter (1883–1950)

on the demand side appear entrepreneurs and on the supply side producers of and dealers in purchasing power, viz bankers, both with their staffs of agents and middlemen. What takes place is simply the exchange of present against future purchasing power. In the daily price struggle between the two parties the fate of new combinations is decided. In this price struggle the system of future values first appears in a practical, tangible form and in relation to the given conditions of the economic system.

Joseph Alois Schumpeter (1883–1950)

However, if anyone has in him all that pertains to success under these circumstances, and if he can obtain the necessary credit, then he can put a unit of product on the market more cheaply, and, if our three conditions are realised, make a profit which remains in his pocket. But he has also triumphed for others, blazed the trail and created a model for them which they can copy. They can and will follow him, first individuals and then whole crowds. Again that process of reorganisation occurs which must result in the annihilation of the surplus over costs, when the new business form has become part of the circular flow. But previously profits were made. To repeat: these individuals have done nothing but employ existing goods to greater effect, they have carried out new combinations and are entrepreneurs in our sense. Their gain is an entrepreneurial profit.

Joseph Alois Schumpeter (1883–1950)

falls on him as capitalist or as possessor of goods, not as entrepreneur. Risk-taking is in no case an element of the entrepreneurial function. Even though he may risk his reputation, the direct economic responsibility of failure never falls on him.

Joseph Alois Schumpeter (1883–1950)

§ 2. The answer cannot be short and precise enough: exclusively *because the new combinations are not, as one would expect according to general principles of probability, evenly distributed through time* — in such a way that equal intervals of time could be chosen, in each of which the carrying out of one new combination would fall — but *appear, if at all, discontinuously in groups or swarms.*

Joseph Alois Schumpeter (1883–1950)

Business Cycles

1º wave
2º wave

Innivations in swarms or clusters

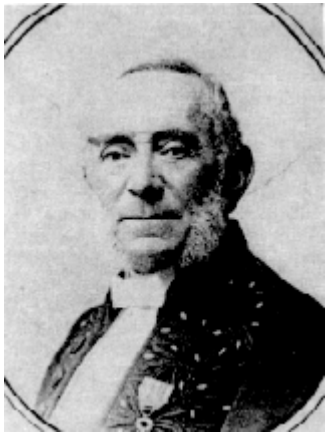
3 types of cycles

Kondratieff (60 years)

Juglar (10 years)

Kitchin (40 months)

Nikolai Dmitriyevich Kondratiev (Kondratieff),
Никола́й Дми́триевич Кондра́тьев (1892 –1938)



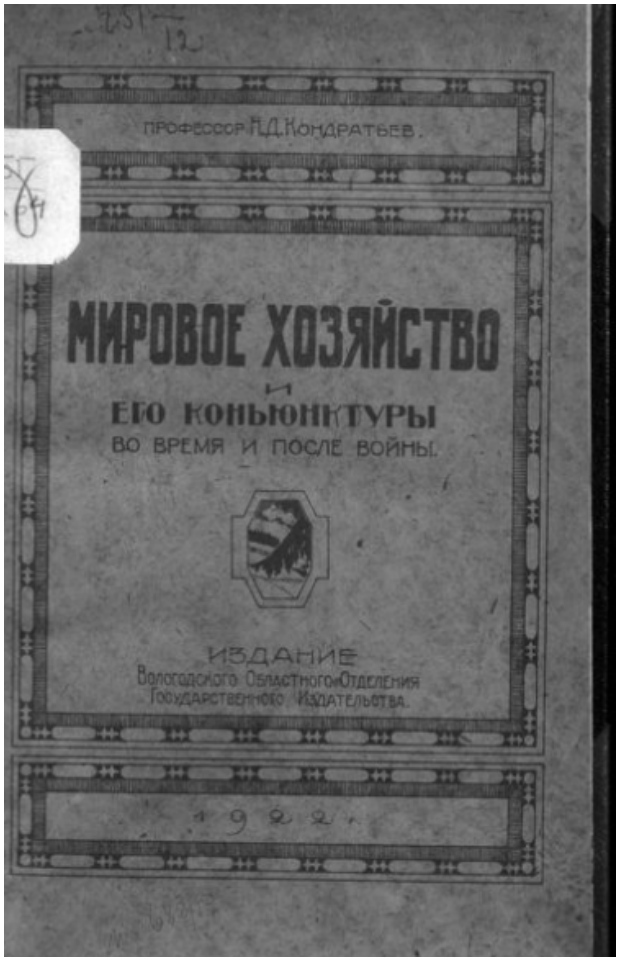
Clément Juglar (1819–1905)

CYCLES AND TRENDS IN ECONOMIC FACTORS
JOSEPH KITCHIN

Joseph Kitchin (1861–1932)

Joseph Alois Schumpeter (1883–1950)

Nikolai Dmitriyevich Kondratiev (Kondratieff),
Никола́й Дми́триевич Кондра́тьев (1892 –1938)



World economy and its conjunctures during and after the war. - [Vologda, 1922].

Joseph Alois Schumpeter (1883–1950)

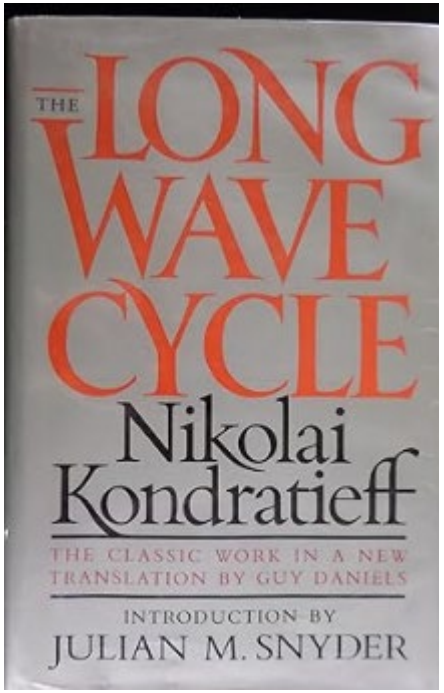
International Kondratieff Foundation
Pitirim Sorokin/Nikolai Kondratieff
International Institute

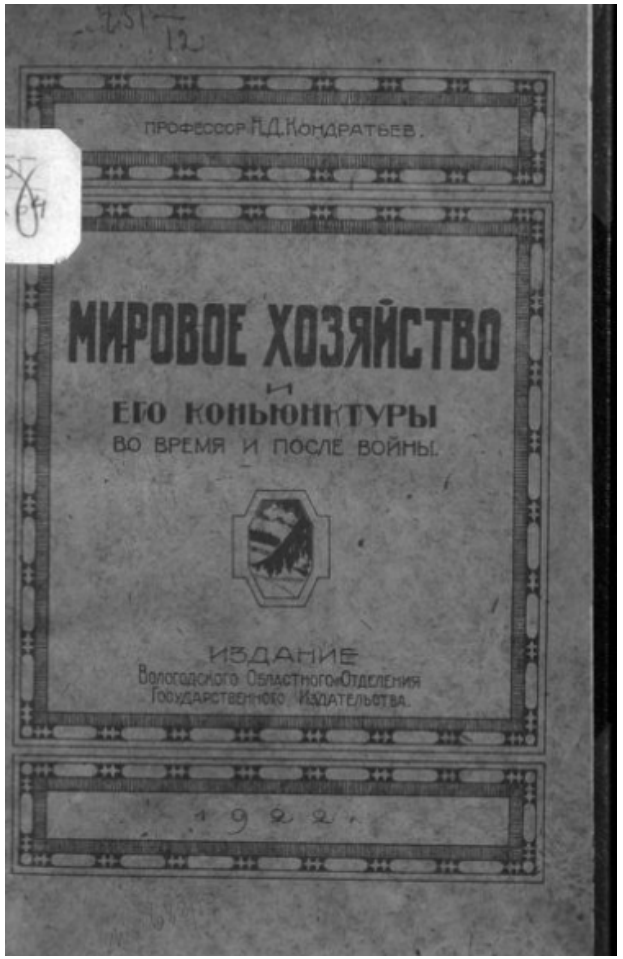
N.D. Kondratieff

THE WORLD ECONOMY AND ITS CONJUNCTURES DURING AND AFTER THE WAR

Edited by Yuri V. Yakovets
Natalia A. Makasheva
Translated by V. Wolfson

International Kondratieff Foundation
Moscow - 2004





Joseph Alois Schumpeter (1883–1950)

The Review *of* Economic Statistics

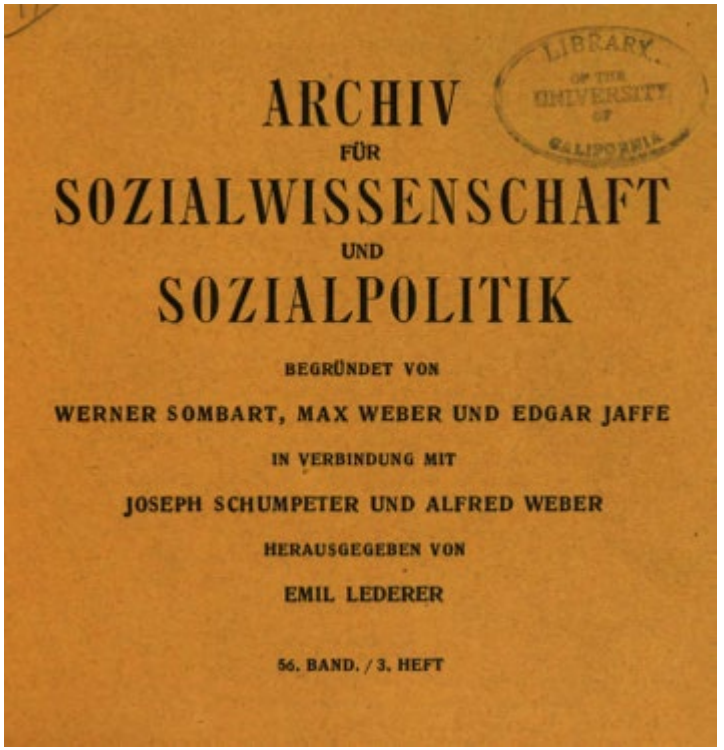
VOLUME XVII NOVEMBER, 1935 NUMBER 6

THE LONG WAVES IN ECONOMIC LIFE

N. D. KONDRATIEFF

Review, II, 4, Spring 1979, 519-62.

The Long Waves in Economic Life*



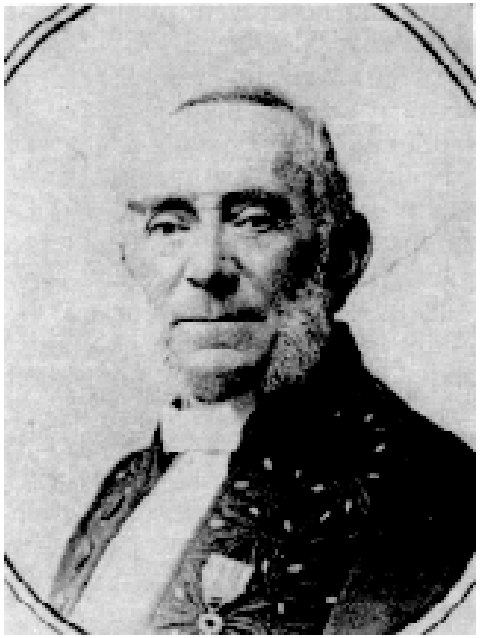
Die langen Wellen der Konjunktur[1]).

Von

N. D. KONDRATIEFF.

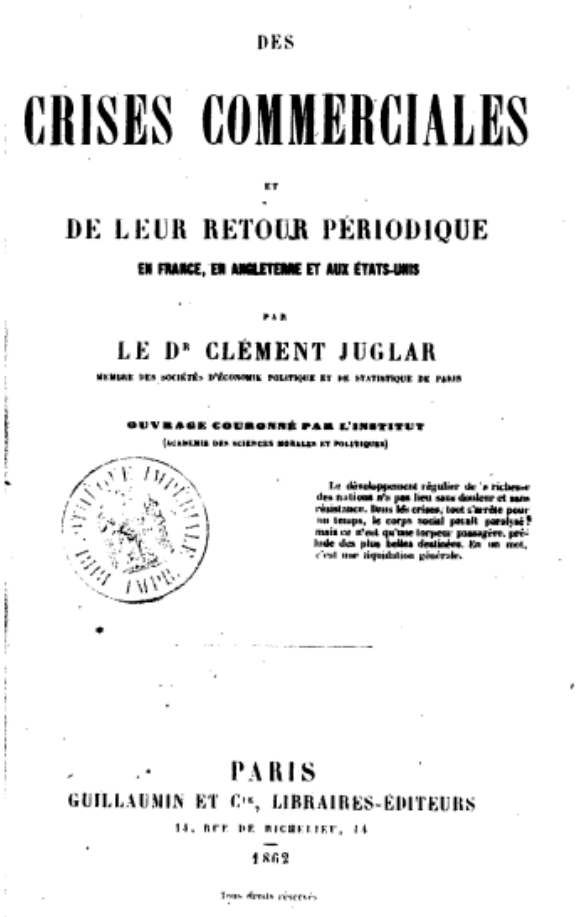
1926

Joseph Alois Schumpeter (1883–1950)



Clément Juglar
(1819–1905)

10 years



DES

CRISES COMMERCIALES

ET

DE LEUR RETOUR PÉRIODIQUE

EN FRANCE, EN ANGLETERRE ET AUX ÉTATS-UNIS

PAR

LE Dr CLÉMENT JUGLAR

MEMBRE DES SOCIÉTÉS D'ÉCONOMIE POLITIQUE ET DE STATISTIQUE DE PARIS

OUVRAGE COURONNÉ PAR L'INSTITUT

(ACADÉMIE DES SCIENCES MORALES ET POLITIQUES)

Le développement régulier de la richesse des nations n'a pas lieu sans douleur et sans résistance. Sous les crises, tout s'arrête pour un temps, le corps social paraît paralysé ; mais ce n'est qu'une torpeur passagère, précédée des plus belles destinées. En un mot, c'est une liquidation générale.

PARIS

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1862

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Joseph Alois Schumpeter (1883–1950)

CYCLES AND TRENDS IN ECONOMIC FACTORS

JOSEPH KITCHIN

THE movements of economic factors — whether made up of price or volume — are, it is suggested, mainly composed of:

1. (*a*) *Minor cycles* averaging 3⅓ years (40 months) in length;
   (*b*) *Major cycles*, or so-called trade cycles, which are merely aggregates usually of two, and less seldom of three, minor cycles; and
2. *Fundamental movements* or *trends* which are largely straight line movements.

This generalization is supported by a wide range of annual statistics for Great Britain and the United States, and especially by monthly statis-

some irregularity, especially in interest during and after the Great War when maxima for the United States and Great Britain were as far apart as 1916.57 and 1918.71 — the decimals indicating the time in the calendar year.

The dates of the maxima of these cycles from 1890 onwards have been:

DATES OF MAXIMA OF CYCLES

General Maxima of Clearings, Prices and Interest			Difference from Ideal (months)	
U.S.	G.B.	Ideal	U.S.	G.B.
1890.62	1890.73	1890.00	+ 7½	+9
1893.23	1893.34	1893.33	− 1	0

The Review of Economics and Statistics , Vol. 5, No. 1 (Jan., 1923), pp. 10-16

Joseph Kitchin (1861–1932)

Joseph Alois Schumpeter (1883–1950)

Capitalism, Socialism,
and Democracy

By

JOSEPH A. SCHUMPETER

PROFESSOR OF ECONOMICS IN HARVARD UNIVERSITY

HARPER & BROTHERS PUBLISHERS

New York and London

1942

Joseph Alois Schumpeter (1883–1950)

and fattening to the mechanized thing of today—linking up with elevators and railroads—is a history of revolutions. So is the history of the productive apparatus of the iron and steel industry from the charcoal furnace to our own type of furnace, or the history of the apparatus of power production from the overshot water wheel to the modern power plant, or the history of transportation from the mail-coach to the airplane. The opening up of new markets, foreign or domestic, and the organizational development from the craft shop and factory to such concerns as U. S. Steel illustrate the same process of industrial mutation—if I may use that biological term—that incessantly revolutionizes[2] the economic structure *from within*, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism. It is what capitalism consists in and what every capitalist concern has got to live in. This fact bears upon our problem in two ways.

within the situation created by it. It must be seen in its role in the perennial gale of creative destruction; it cannot be understood irrespective of it or, in fact, on the hypothesis that there is a perennial lull.

Joseph Alois Schumpeter (1883–1950)

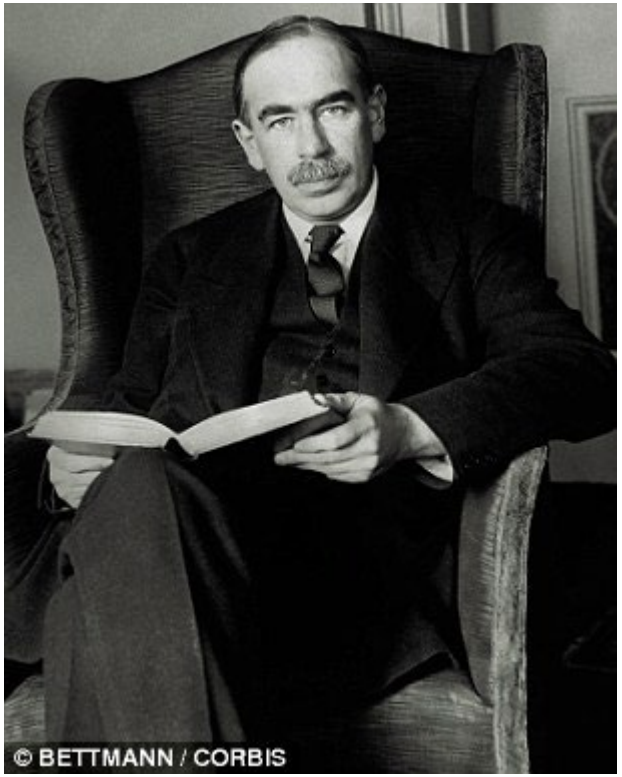
Monopolistic Practices

Thus it is not sufficient to argue that because perfect competition is impossible under modern industrial conditions—or because it always has been impossible—the large-scale establishment or unit of control must be accepted as a necessary evil inseparable from the economic progress which it is prevented from sabotaging by the forces inherent in its productive apparatus. What we have got to accept is that it has come to be the most powerful engine of that progress and in particular of the long-run expansion of total output not only in spite of, but to a considerable extent through, this strategy which looks so restrictive when viewed in the individual case and from the individual point of time. In this respect, perfect competition is not only impossible but inferior, and has no title to being set up as a model of ideal efficiency. It is hence a mistake to base the theory of government regulation of industry on the principle that big business should be made to work as the respective industry would work in perfect competition. And socialists should rely for their criticisms on the virtues of a socialist economy rather than on those of the competitive model.

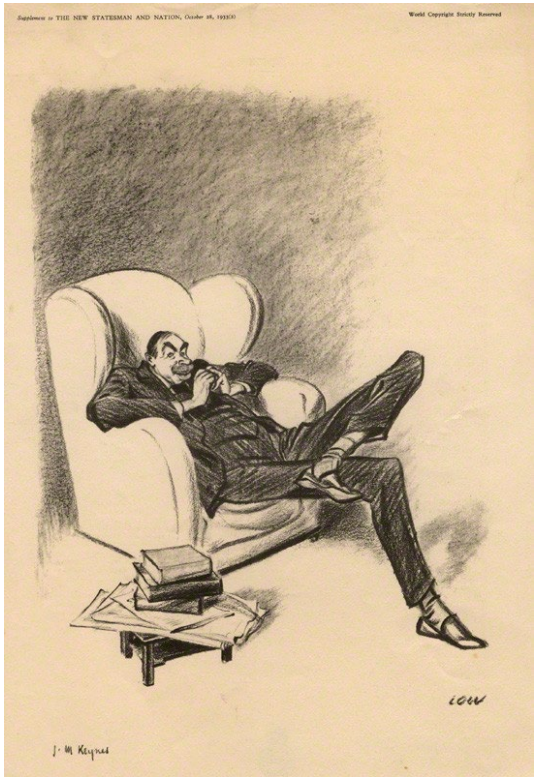
John Maynard Keynes (1883–1946)

John Maynard Keynes (1883–1946)

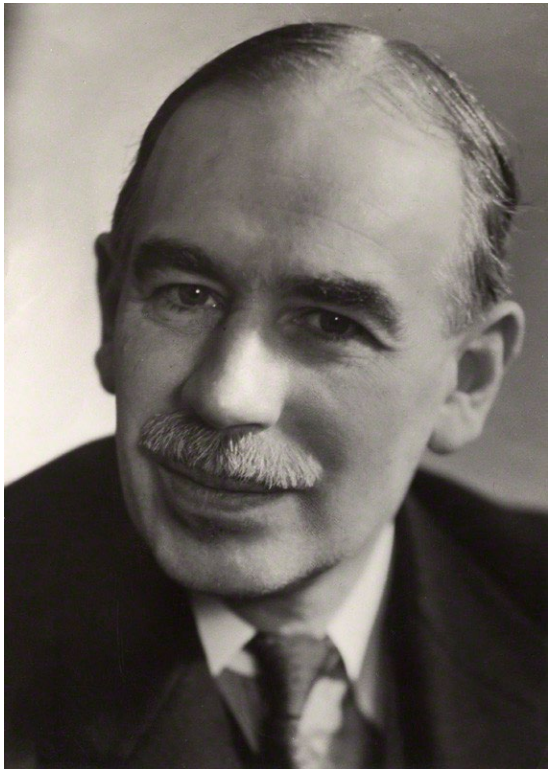
John Maynard Keynes, Baron Keynes
by Gwendolen ('Gwen') Raverat (née Darwin) pen and ink and watercolour, circa 1908, NPG



John Maynard Keynes (1883–1946)

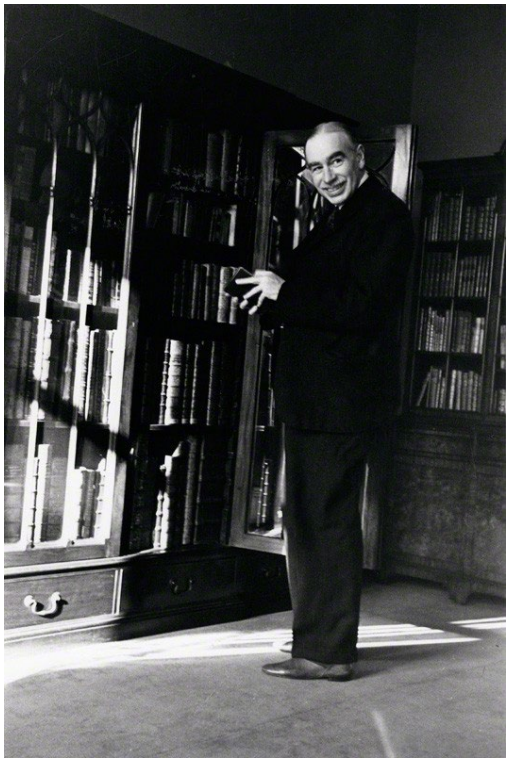


John Maynard Keynes, Baron Keynes
after Sir David Low, reproduction of drawing, published 1932, NPG

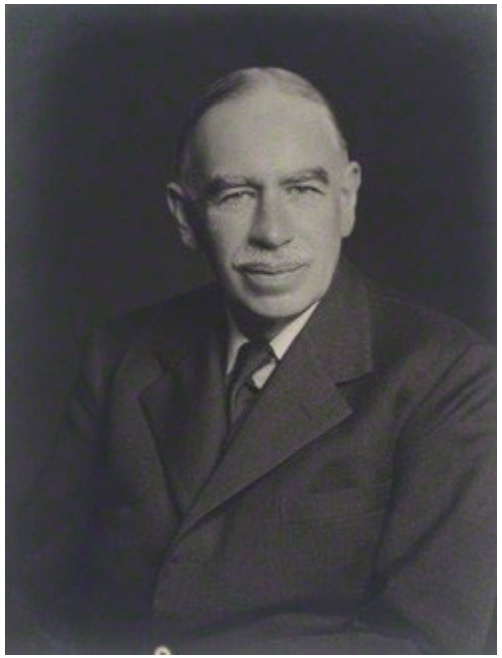


John Maynard Keynes, Baron Keynes
by Ramsey & Muspratt, bromide print, 1937, NPG

John Maynard Keynes (1883–1946)



John Maynard Keynes, Baron Keynes
by Tim Gidal (Nachum Ignaz Gidalewitsch)
bromide fibre print, 1940, NPG

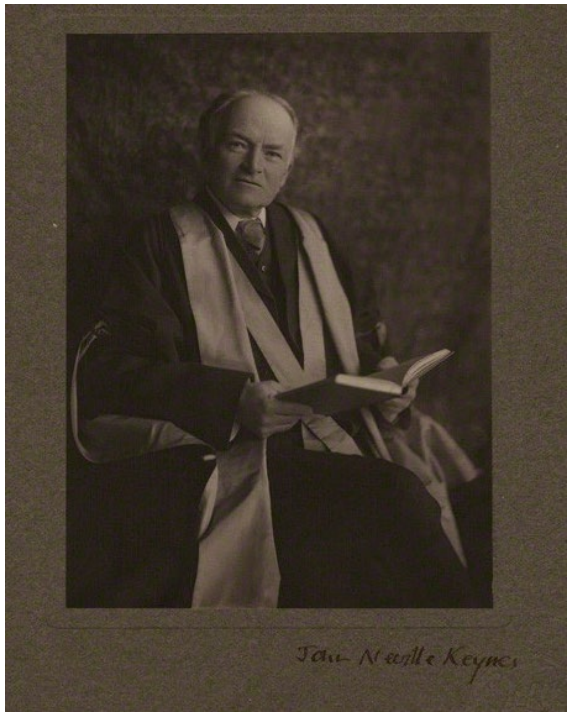


John Maynard Keynes, Baron Keynes
by Walter Stoneman, bromide print, July 1940, NPG

John Maynard Keynes (1883–1946)

- 1883 (5 June) Born in Cambridge
- His father John Neville Keynes is a student of Marshall and the senior administrator of the University
- His mother Florence Ada Keynes (née Brown) one of the first graduates and the first female mayor of Cambridge.
- He studied at Eton and King's College (classics & mathematics)
- He becomes a member of the secret society Apostles. Members include Bertrand Russell, Alfred North Whitehead & Lytton Strachey. Strachey is a member of the Bloomsbury Group which includes Keynes, Duncan Grant, Clive Bell, E.M. Forster, E.M. Forster, Virginia Woolf, Leonard Woolf, Roger Fry, and others.
- He adopts the philosophy of G.E. Moore
- With a degree in mathematics in 1906 he takes the Civil Service examination and comes second.
- He ends up in the India Office. Writes *Indian currency and finance* which is published in 1913.
- Resigns from India Office and becomes lecturer in economics at King's College.
- His salary is paid by Pigou.
- He becomes a fellow of King's College in 1909. In 1924 he becomes Bursar of the College and increases its fortune.
- In 1911 with Marshall's support he becomes editor of the *Economic Journal* and in 1913 secretary of the *Royal Economic Society*. He remains in these positions for over 30 years.

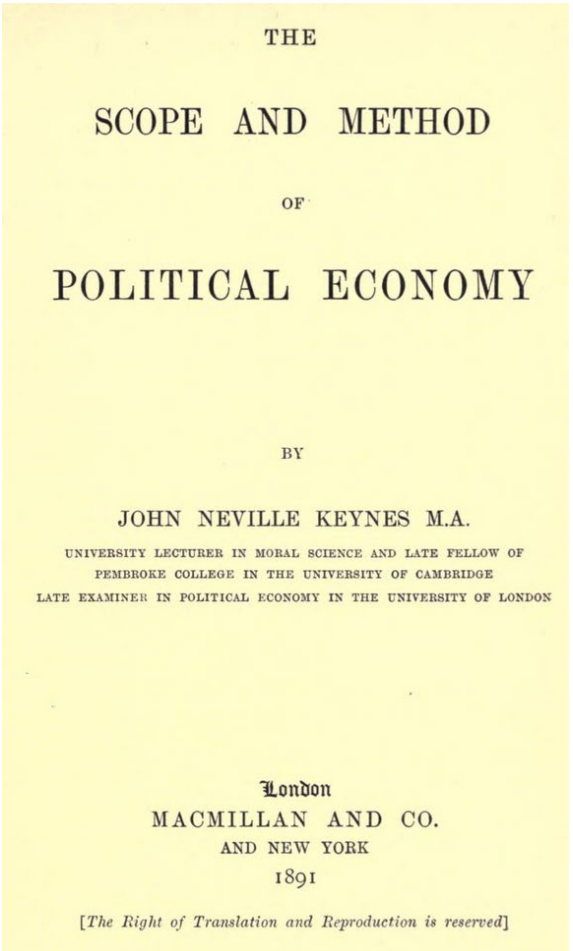
John Maynard Keynes (1883–1946)



(John) Neville Keynes (1852-1949)
by (Mary) Olive Edis (Mrs Galsworthy), platino-type on photographer's card mount, 1914, NPG

Florence Ada Keynes (née Brown) (1861-1958), by (Mary) Olive Edis (Mrs Galsworthy) sepia-toned matte print on photographer's card mount, 1920s NPG

John Maynard Keynes (1883–1946)



THE

SCOPE AND METHOD

OF

POLITICAL ECONOMY

BY

JOHN NEVILLE KEYNES M.A.

UNIVERSITY LECTURER IN MORAL SCIENCE AND LATE FELLOW OF
PEMBROKE COLLEGE IN THE UNIVERSITY OF CAMBRIDGE
LATE EXAMINER IN POLITICAL ECONOMY IN THE UNIVERSITY OF LONDON

London
MACMILLAN AND CO.
AND NEW YORK
1891

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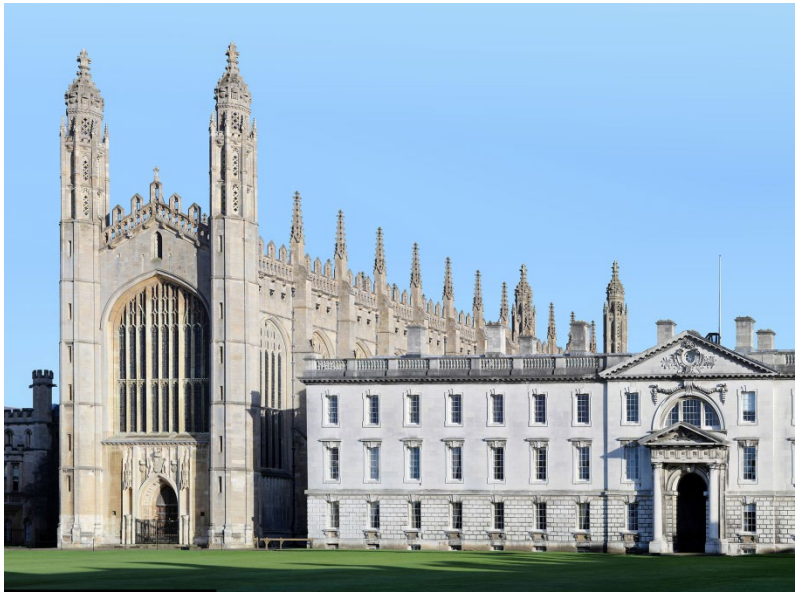
John Maynard Keynes (1883–1946)

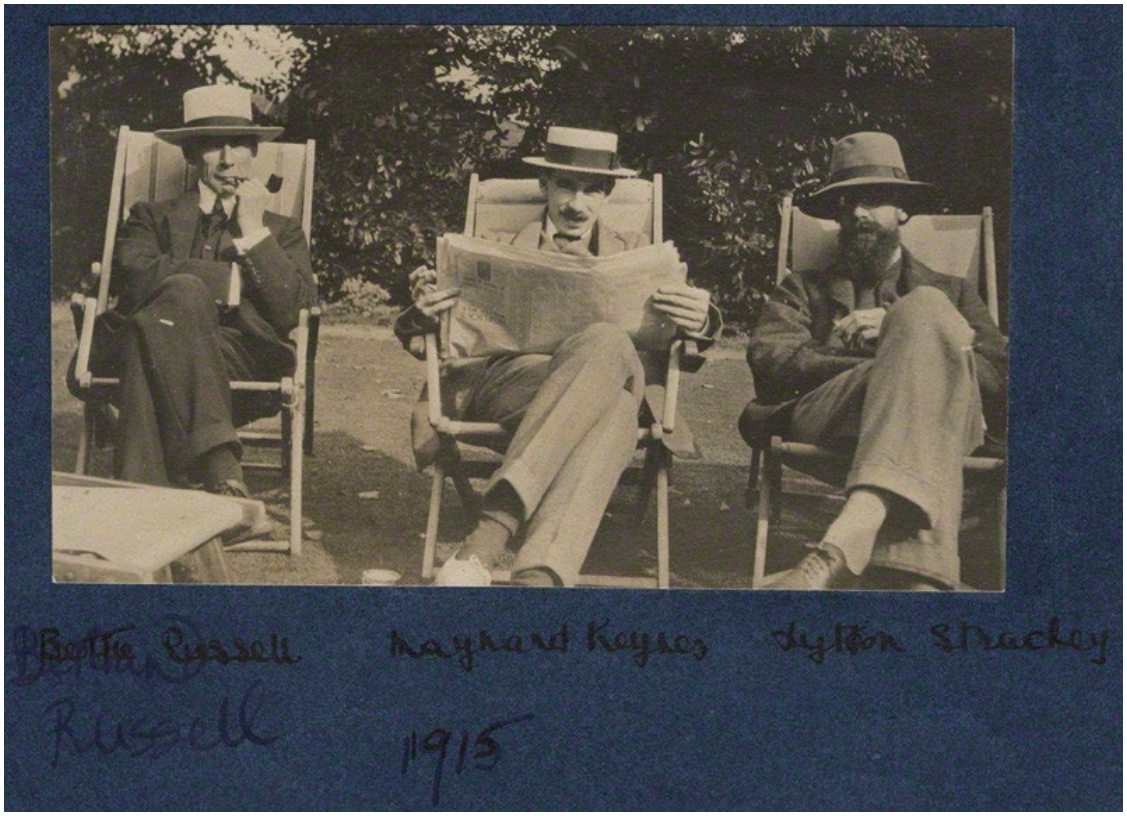
Eton College



King's College, Cambridge

John Maynard Keynes (1883–1946)

John Maynard Keynes (1883–1946)



Bertrand Arthur William Russell, 3rd Earl Russell; John Maynard Keynes, Baron Keynes; Lytton Strachey
by Lady Ottoline Morrell, vintage snapshot print, 1915, NPG

John Maynard Keynes (1883–1946)

- (Arthur) Clive Heward Bell (1881-1964), Art critic.
- Quentin Claudian Stephen Bell (1910-1996), Artist and writer; son of Clive and Vanessa Bell.
- Vanessa Bell (née Stephen) (1879-1961), Painter; sister of Virginia Woolf.
- Edward Morgan Forster (1879-1970), Novelist.
- David Garnett (1892-1981), Writer.
- Duncan Grant (1885-1978), Artist.
- John Maynard Keynes, Baron Keynes (1883-1946), Economist.
- Lydia Lopokova (Lady Keynes) (1892-1981), Ballet dancer; wife of Baron Keynes.
- Sir Desmond MacCarthy (1877-1952), Writer and critic.
- Mary ('Molly') MacCarthy (née Warre-Cornish), Lady MacCarthy (1882-1953), Writer; wife of Sir Desmond MacCarthy.
- Leonard Sidney Woolf (1880-1969), Writer and publisher.

The Memoir Club, by Vanessa Bell (née Stephen) oil on canvas, circa 1943, NPG

Duncan Grant, Leonard Woolf, Vanessa Bell, Clive Bell, David Garnett, Maynard and Lydia Keynes, Desmond and Molly MacCarthy, Quentin Bell and E.M. Forster.

John Maynard Keynes (1883–1946)

Duncan Grant & Maynard Keynes

John Maynard Keynes (1883–1946)

Virginia Woolf (1882 – 1941)

Roger Fry (1866 –1934)

Edward Morgan Forster (1879 –1970)

John Maynard Keynes (1883–1946)

46 Gordon Square in London, where Virginia Woolf lived with her siblings from 1904 to 1907 (the first among the writer's five Bloomsbury addresses) and where John Maynard Keynes lived from 1916 to 1946.

John Maynard Keynes (1883–1946)

The Dreadnought hoaxers in Abyssinian regalia; Virginia Woolf is the bearded figure on the far left

John Maynard Keynes (1883–1946)

- During the First World War he declared conscientious objection although he worked for the Treasury Department on matters related to war finance. In 1919 he was a member of the British delegation to the Versailles Peace Treaty Conference. He resigned in disagreement over the large war reparations demanded from Germany. He writes *The Economic Consequences of the Peace*.
- He wrote several articles and published *Treatise on Probability* (1921) and *Tract on Monetary Reform* in 1923.
- He becomes chairman of the board of an insurance company and trades on the stock exchange.
- In 1925 he marries the first ballerina of the Russian ballet Lydia Lopokova.
- In 1925 he writes *The Economic Consequences of Mr. Churchill*, against Britain's entry into the Gold Standard.

John Maynard Keynes (1883–1946)

Jan Christian Smuts; John Maynard Keynes, Baron Keynes, by Unknown photographer bromide print, 1933, NPG

THE ECONOMIC CONSEQUENCES OF THE PEACE

BY

JOHN MAYNARD KEYNES, C.B.

FELLOW OF KING'S COLLEGE, CAMBRIDGE

NEW YORK
HARCOURT, BRACE AND HOWE
1920

John Maynard Keynes (1883–1946)

A TREATISE
ON PROBABILITY

BY

JOHN MAYNARD KEYNES

FELLOW OF KING'S COLLEGE, CAMBRIDGE

MACMILLAN AND CO., LIMITED
ST. MARTIN'S STREET, LONDON
1921

A TRACT
ON
MONETARY REFORM

BY

JOHN MAYNARD KEYNES

FELLOW OF KING'S COLLEGE, CAMBRIDGE

MACMILLAN AND CO., LIMITED
ST. MARTIN'S STREET, LONDON
1924

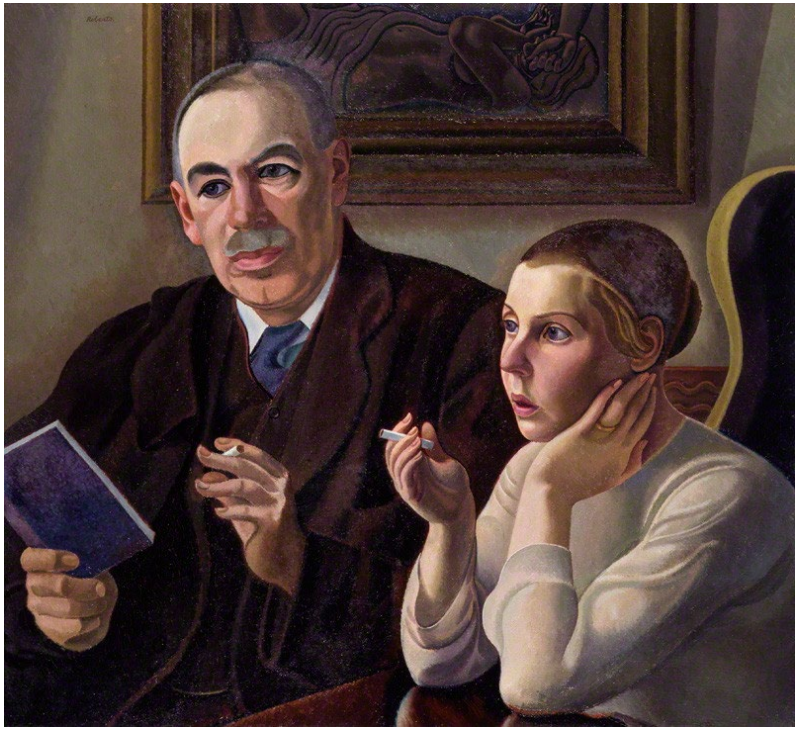
But when great decisions are to be made, the State is a sovereign body of which the purpose is to promote the greatest good of the whole. When, therefore, we enter the realm of State action, *everything* is to be considered and weighed on its merits. Changes in Death Duties, Income Tax, Land Tenure, Licensing, Game Laws, Church Establishment, Feudal Rights, Slavery, and so on through all ages, have received the same denunciations from the absolutists of contract,—who are the real parents of Revolution.

THE END OF
LAISSEZ-FAIRE

JOHN MAYNARD KEYNES

John Maynard Keynes (1883–1946)

by Walter Benington, for Elliott & Fry, vintage print, 1920s, NPG



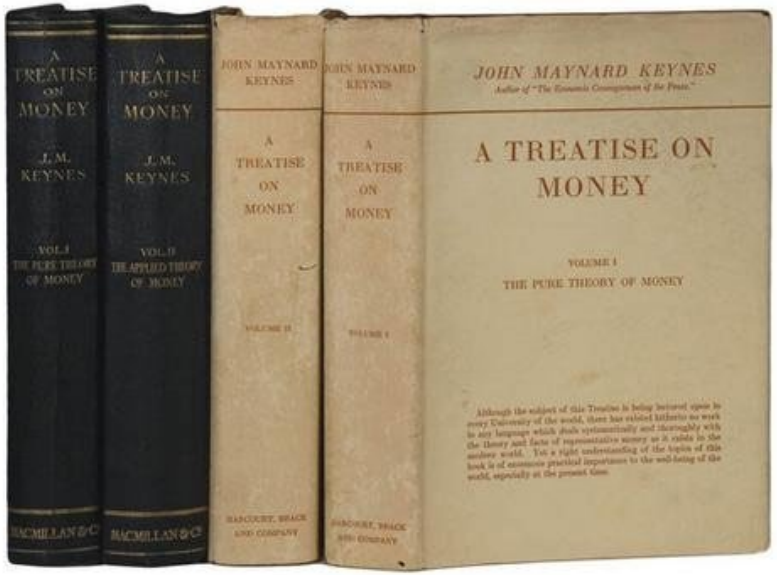
John Maynard Keynes, Baron Keynes; Lydia Lopokova
by William Roberts
oil on canvas, signed 1932, NPG

Lydia Lopokova, (Ли́дия Васи́льевна Лопухо́ва; 1892 –1981)

John Maynard Keynes (1883–1946)

- In 1930 and 1936, he published the two works that established him as a theoretical economist: the ***Treatise on Money*** and the ***General Theory of Employment, Interest and Money***.
- He writes several provocative essays collected in *Essays in Persuasion* (1931), and a series of biographical essays in *Essays in Biography* (1933).
- In 1936 Keynes inaugurated the Arts Theatre in Cambridge.
- The following year a heart attack forces him to cut back his production. In 1940 he is appointed Counselor to the Treasury and plunges again into the problems of war finance by negotiating war loans with the United States.
- In 1941 he becomes a member of the Board of the Bank of England. In 1942 he becomes a Lord with the title of Baron of Tilton. During the war he had already begun to prepare plans for the reform of the post-war international financial order.
- In July 1944 he played a leading role at the *Bretton Woods* Conference, although the final role was played by the U.S., and the final plan reflected the views of the US delegate Harry Dexter White.
- A subsequent heart attack at his cottage in Tilton, Sussex on 21 April 1946 led to his death.

John Maynard Keynes (1883–1946)


A TREATISE ON MONEY
J. M. KEYNES
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A TREATISE ON MONEY
J. M. KEYNES
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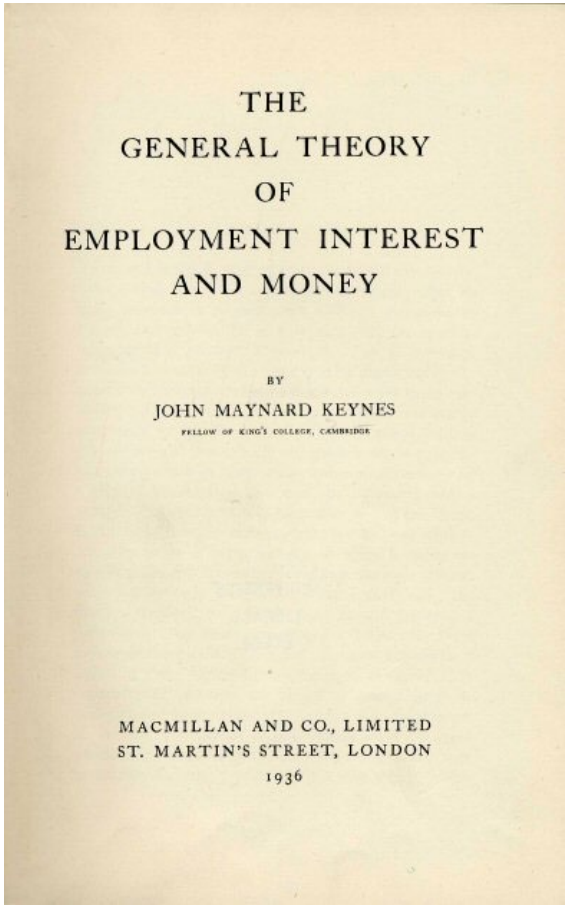
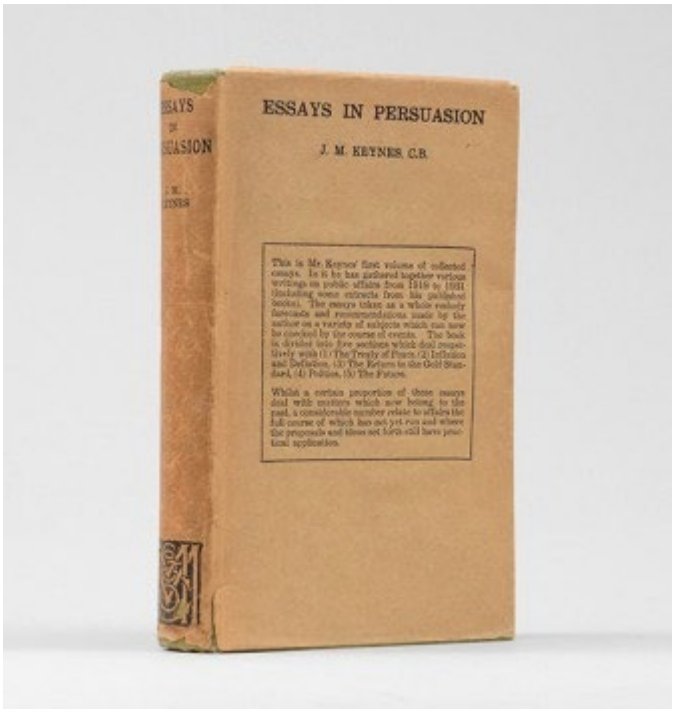
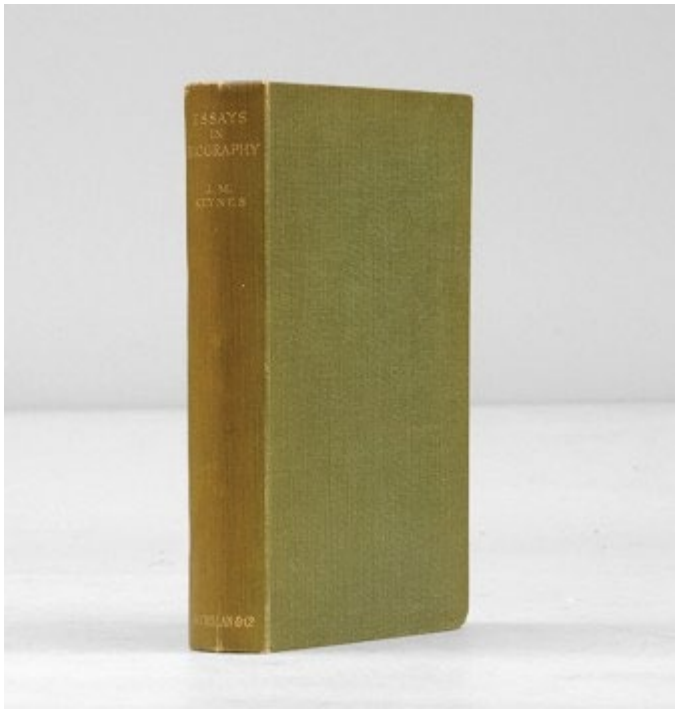
VOLUME I
THE PURE THEORY OF MONEY



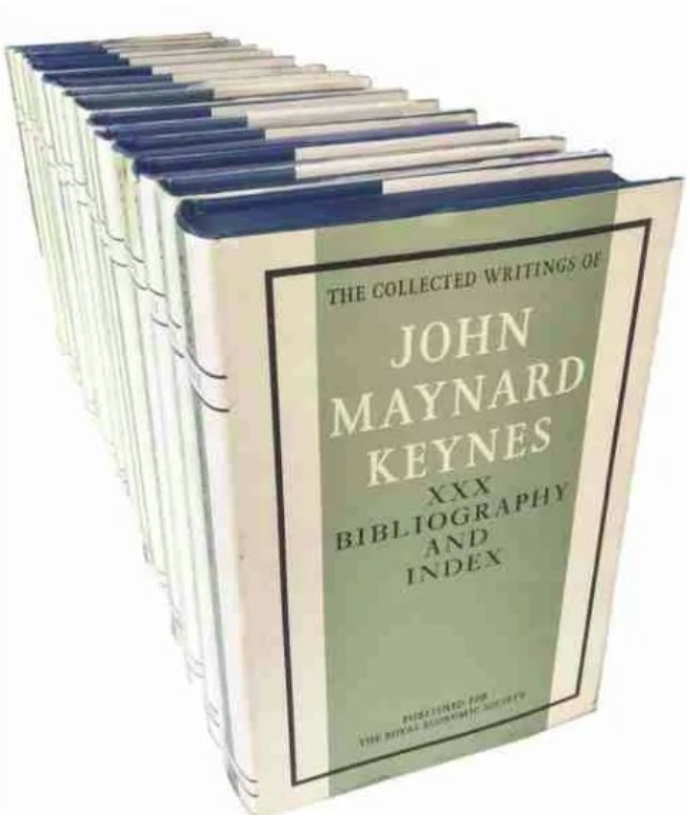
John Maynard Keynes (1883–1946)



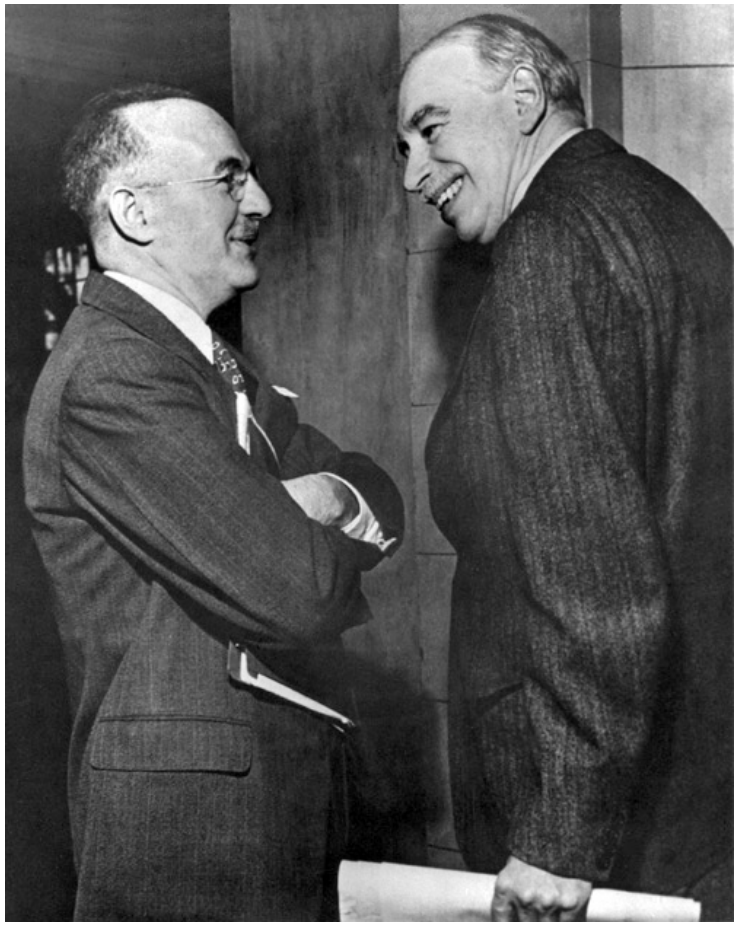


John Maynard Keynes (1883–1946)

The Collected Writings of John Maynard Keynes, Editors: Elizabeth Johnson, Donald Moggridge, Austin Robinson, 1971- (Royal Economic Society)



John Maynard Keynes (1883–1946)



John Maynard Keynes (right) and Harry Dexter White at the inaugural meeting of the International Monetary Fund's Board of Governors in Savannah, Georgia, U.S., 8 March 1946

John Maynard Keynes (1883–1946)

A TREATISE
ON PROBABILITY

CHAPTER XXVI

THE APPLICATION OF PROBABILITY TO CONDUCT

1. GIVEN as our basis what knowledge we actually have, the probable, I have said, is that which it is rational for us to believe. This is not a definition. For it is not rational for us to believe that the probable is true; it is only rational to have a probable belief in it or to believe it in preference to alternative beliefs. To believe one thing *in preference* to another, as distinct from believing the first true or more probable and the second false or less probable, must have reference to action and must be a loose way of expressing the propriety of *acting* on one hypothesis rather than on another. We might put it, therefore, that the probable is the hypothesis on which it is rational for us to act. It is, however, not so simple as this, for the obvious reason that of two hypotheses it may be rational to act on the less probable if it leads to the greater good. We cannot say more at present than that the probability of a hypothesis is one of the things to be determined and taken account of before acting on it.

Rational theory of probability
Probability and "Weight of argument“

Numerical value of probability
3 types
1. It is possible to assign probability a number between 0 and 1.
2. It is possible to rank events from most unlikely to most likely
3. It is not possible to say anything.

We resort to conventional behaviour and align ourselves with the majority (expectations)

John Maynard Keynes (1883–1946)

A TREATISE
ON PROBABILITY

BY

JOHN MAYNARD KEYNES

FELLOW OF KING'S COLLEGE, CAMBRIDGE

First Edition 1921
Reprinted 1929, 1943, 1948, 1952, 1957

LONDON
MACMILLAN & CO LTD
1957

John Maynard Keynes (1883–1946)

CHAPTER XXVI

THE APPLICATION OF PROBABILITY TO CONDUCT

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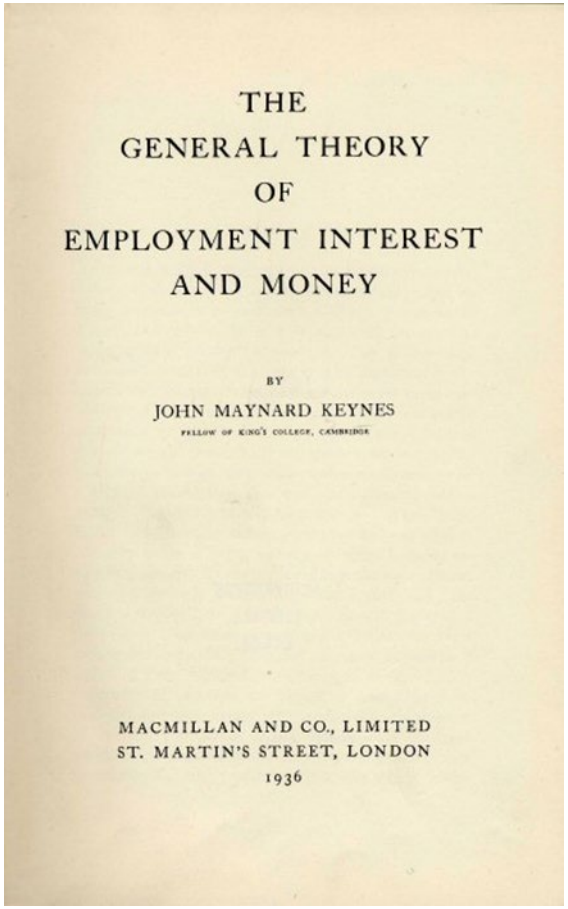
John Maynard Keynes (1883–1946)



THE
GENERAL THEORY
OF
EMPLOYMENT INTEREST
AND MONEY

BY
JOHN MAYNARD KEYNES
FELLOW OF KING'S COLLEGE, CAMBRIDGE

MACMILLAN AND CO., LIMITED
ST. MARTIN'S STREET, LONDON
1936

The analytical structure of the *General Theory* rested on three pillars

1. The concept of **effective demand**
2. The mechanism of the **multiplier**; and
3. The theory of the **interest rate**.

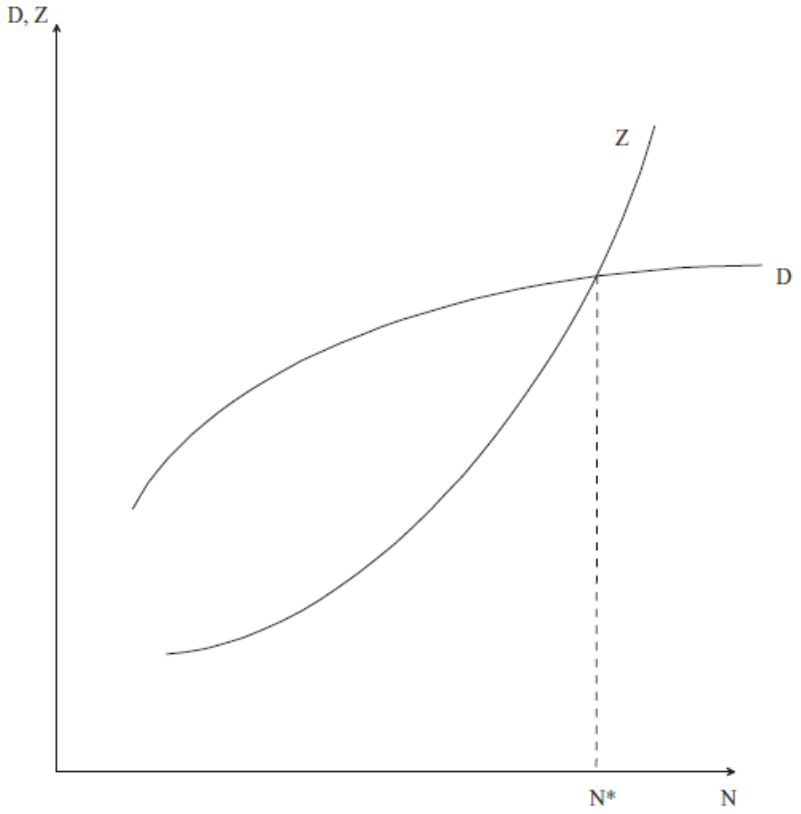
THE COLLECTED WRITINGS OF
JOHN MAYNARD KEYNES

VOLUME VII

THE GENERAL THEORY
OF EMPLOYMENT,
INTEREST AND MONEY

CAMBRIDGE UNIVERSITY PRESS
FOR THE
ROYAL ECONOMIC SOCIETY

John Maynard Keynes (1883–1946)



The third of the twenty-four chapters of the *General theory* is devoted to the principle of effective demand. The 'point of effective demand' (figure 14.1) is defined by Keynes as the point of encounter of two curves: an aggregate supply function and an aggregate demand function. A point

to stress here is that these two curves are conceptually different from traditional supply and demand curves. At first sight, they are still two functions relating price and quantity; as a matter of fact, however, these two functions relate the number of employed workers to the entrepreneurs' evaluations regarding costs, on the one hand, and receipts on the other. More precisely, the aggregate supply function relates N, the number of employed workers, represented on the horizontal axis, to a Z variable, represented on the vertical axis, and defined as 'the aggregate supply price of the output from employing N men', while the aggregate supply function relates N to a variable D (represented like Z on the vertical axis), defined as 'the proceeds which entrepreneurs expect to receive from the employment of N men' (Keynes 1936, p. 25).

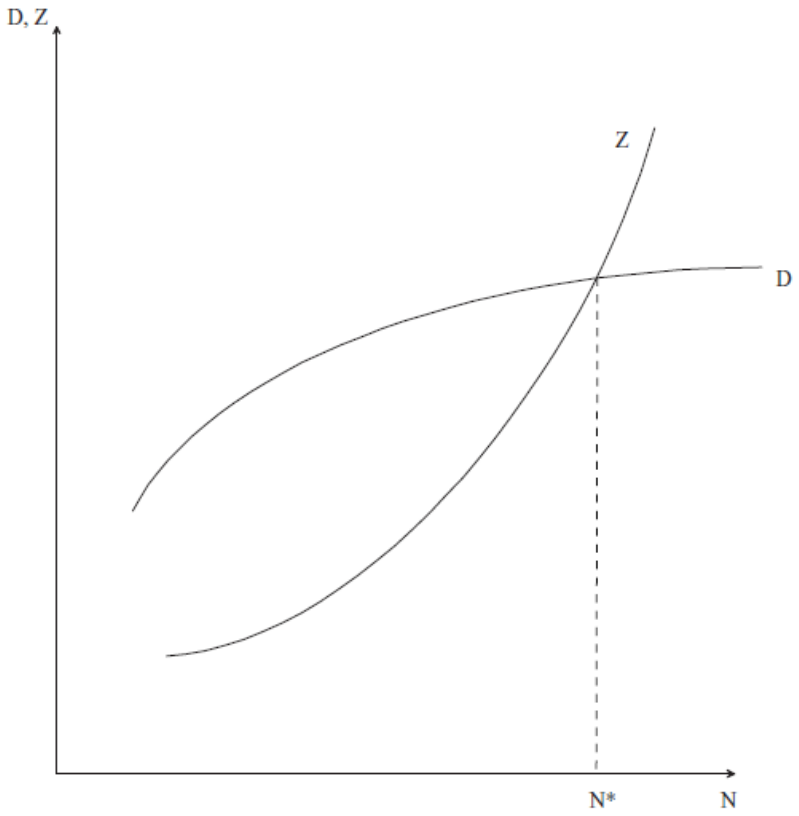
Roncaglia, *Wealth of Ideas*

Chapter 3

THE PRINCIPLE OF EFFECTIVE DEMAND

Effective demand

John Maynard Keynes (1883–1946)

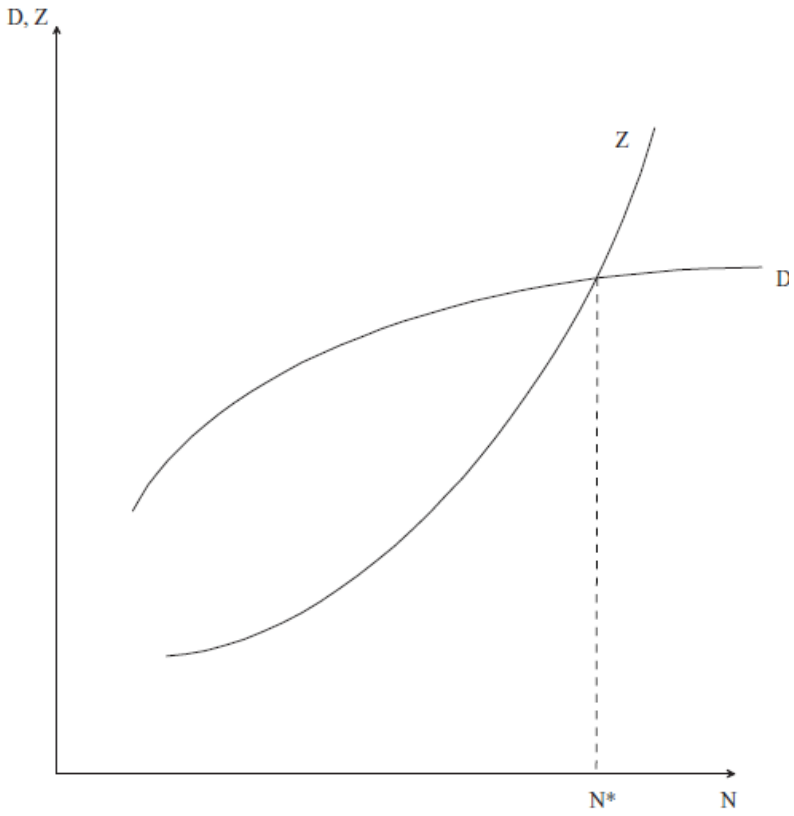


Effective demand

In other terms, Z indicates the minimum expected proceeds necessary to persuade entrepreneurs to employ N workers. For each given value of N, Z is thus equal to the total cost that entrepreneurs expect to have to bear if they employ N workers. Total cost obviously includes not only wages but also raw material costs, and overheads including amortisation of fixed capital, augmented by a profit sufficient to induce entrepreneurs to continue their activity. Conversely D indicates how much entrepreneurs expect to earn by selling on the market the product they hope to obtain through the employment of N workers. Both curves thus express the point of view – the evaluations – of the same category of economic agents, the entrepreneurs, not of two distinct and opposed groups of buyers and sellers (consumers and producers).[18]

Both expected costs and expected proceeds increase with the number of employed workers. Thus both functions are increasing ones, that is both Z and D increase with N. However, Z increases ever more rapidly (its second derivative is positive), while D increases ever more slowly (its second derivative is negative). This feature of the two functions may be justified in various ways. As far as effective demand D is concerned, Keynes remarked that it is made up of two components, consumption and investment; because of a 'psychological law', the first component increases but less than income, and hence than employment, while the second component depends on the entrepreneurs' long run expectations, so it may be considered as given in the context of determination of the point of effective demand. As far as Z is concerned, in the Marshallian context of Keynes's theory it was natural to assume that when the number of employed workers increased (while, in the short period context,

John Maynard Keynes (1883–1946)



Effective demand

it is assumed that the productive equipment remains unchanged), the marginal cost turned out to be increasing.[19]

The 'point of effective demand' is the one at which $D = Z$. It thus tells us which is the expected level of employment, and hence of production, given the entrepreneurs' short run expectations regarding costs and proceeds.[20] Assuming short period expectations be fulfilled, analysis focused on the notion of aggregate demand and its constituent elements, consumption and investment.[21] To these elements Keynes devoted book 3 (chapters 8–10) and book 4, i.e. the central part of the *General theory*, after a book 2 devoted to 'definitions and ideas' and before two conclusive books devoted to 'money-wages and prices' and 'short notes suggested by the general theory'.

As we have seen, Keynes made a sharp distinction between decisions concerning consumption and decisions concerning investment. The two kinds of decisions are taken by different categories of economic agents (respectively, families and firms), and thus follow two completely different logics. Consumption (and savings, defined as their complement to income) essentially depend on income, and are thus endogenous to the circular flow going from firms to families (income) and back to firms (expenses).[22] Investments, on the other hand, depend on the entrepreneurs' decisions (hence on their expectations), and are thus exogenous to the circular income flow. As a consequence, it is investment decisions which determine the equilibrium level of income. More precisely, equilibrium income has to be such as to generate an amount of savings corresponding (in the simplified system without taxes and public expenditure, and with no relations with foreign countries) to the amount of investments generated by entrepreneurs' decisions. It thus

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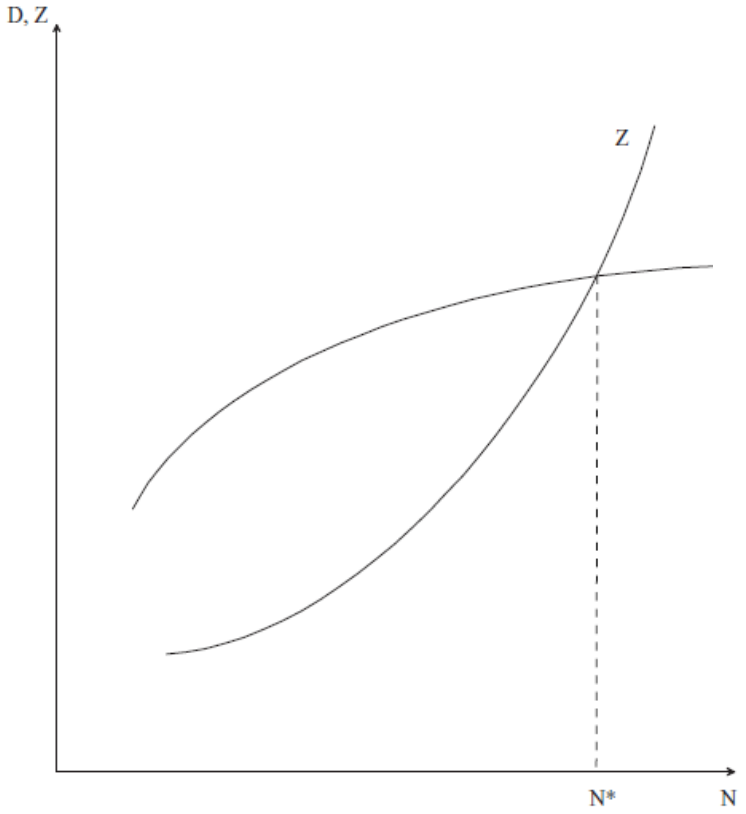
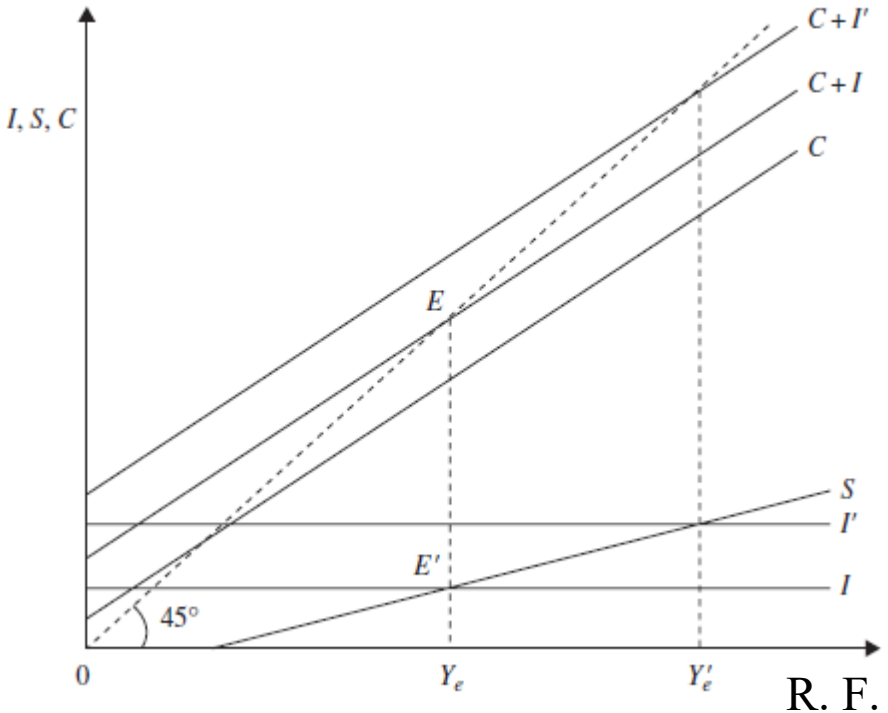


amount of investments generated by entrepreneurs' decisions. It thus depends both on the level of investments I, and on the propensity to save s ($s = S/Y$, where S are savings and Y is income); more precisely, on the equilibrium condition $I = S$ (equality between inflows and outflows in the circular income flow) and on the definition of the propensity to save we get $Y = I/s$. The multiplier, namely that multiplicative coefficient which, when applied to the level of investment, gives equilibrium income, is equal – as can be seen from the above equation – to the inverse of the propensity to save.[23]

Effective demand

John Maynard Keynes (1883–1946)

Multiplier (Alvin Hansen, *A Guide to Keynes*, 1953)



$C=C_0+cY$
$Y=I+C=I+C_0+cY$

$Y=(1/1-c)[C_0+I]$

$\Delta Y=(1/1-c)\Delta I$

Role of Public Expenditure

R. F. Kahn, 1931. 'The relation of home investment to unemployment', *Economic Journal* 41: 173–98

John Maynard Keynes (1883–1946)

When a man buys an investment or capital-asset, he purchases the right to the series of prospective returns, which he expects to obtain from selling its output, after deducting the running expenses of obtaining that output, during the life of the asset. This series of annuities Q_1, Q_2, ... Q_n it is convenient to call the *prospective yield* of the investment.

Over against the prospective yield of the investment we have the *supply price* of the capital-asset, meaning by this, not the market-price at which an asset of the type in question can actually be purchased in the market, but the price which would just induce a manufacturer newly to produce an additional unit of such assets, i.e. what is sometimes called its *replacement cost*. The relation between the prospective yield of a capital-asset and its supply price or replacement cost, i.e. the relation between the prospective yield of one more unit of that type of capital and the cost of producing that unit, furnishes us with the *marginal efficiency of capital* of that type. More precisely, I define the marginal efficiency of capital as being equal to that rate of discount which would make the present value of the series of annuities given by the returns expected from the capital-asset during its life just equal to its supply price. This gives us the marginal efficiencies of particular types of capital-assets. The greatest of these marginal efficiencies can then be regarded as the marginal efficiency of capital in general.

The reader should note that the marginal efficiency of capital is here defined in terms of the *expectation* of yield and of the *current* supply price of the capital-asset. It depends on the rate of return expected to be obtainable on money if it were invested in a *newly* produced asset; not on the historical result of what an investment has yielded on its original cost if we look back on its record after its life is over.

135

John Maynard Keynes (1883–1946)

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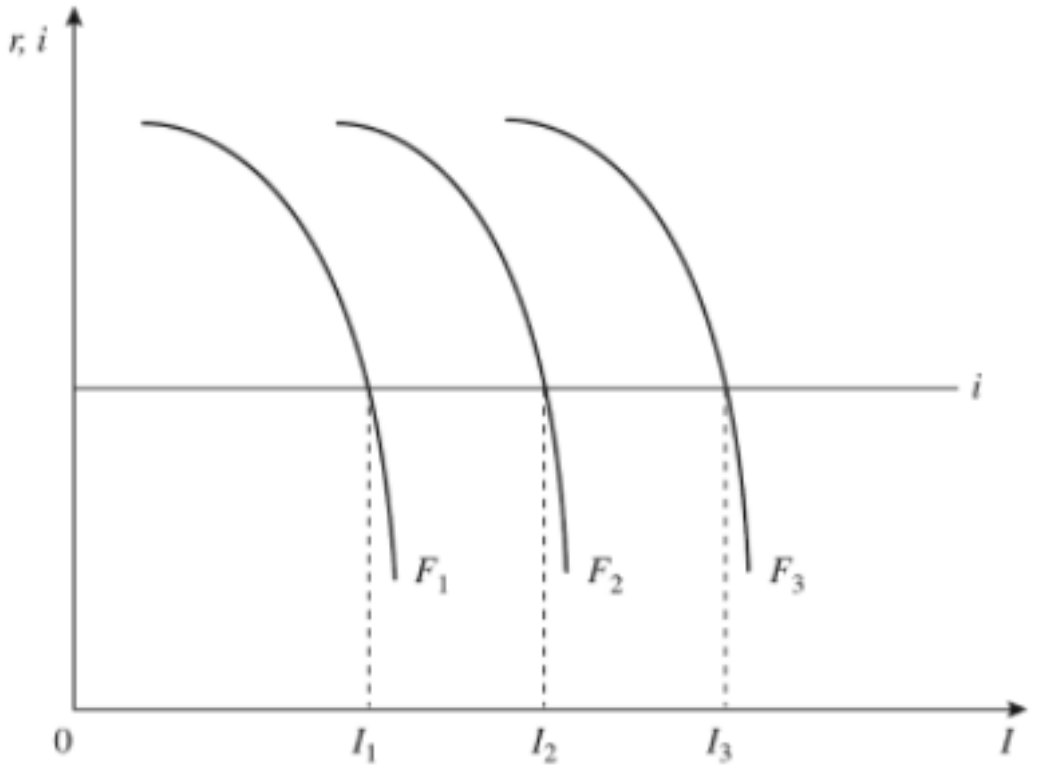
Marginal efficiency of capital schedule

"Animal spirits"

$$P = \sum_{t=1}^{n} \frac{Q_t}{(1+r)^t}$$

John Maynard Keynes (1883–1946)

Marginal efficiency of capital schedule



$$P = \sum_{t=1}^{n} \frac{Q_t}{(1+r)^t}$$

I=Investment
i=rate of interest
r=MEC
F=MEC schedule

John Maynard Keynes (1883–1946)

Chapter 13

THE GENERAL THEORY OF THE RATE OF INTEREST

efficiency of capital. Just as we found that the marginal efficiency of capital is fixed, not by the 'best' opinion, but by the market valuation as determined by mass psychology, so also expectations as to the future of the rate of interest as fixed by mass psychology have their reactions on liquidity-preference;—but with this addition that the individual, who believes that future rates of interest will be above the rates assumed by the market, has a reason for keeping actual liquid cash,[1] whilst the individual who differs from the market in the other direction will have a motive for borrowing money for short periods in order to purchase debts of longer term. The market price will be fixed at the point at which the sales of the 'bears' and the purchases of the 'bulls' are balanced.

John Maynard Keynes (1883–1946)

Statues of the two symbolic beasts of finance, the bear and the bull, in front of the Frankfurt Stock Exchange.

John Maynard Keynes (1883–1946)

The three divisions of liquidity-preference which we have distinguished above may be defined as depending on (i) the transactions-motive, i.e. the need of cash for the current transaction of personal and business exchanges; (ii) the precautionary-motive, i.e. the desire for security as to the future cash equivalent of a certain proportion of total resources; and (iii) the speculative-motive, i.e. the object of securing profit from knowing better than the market what the future will bring forth.

John Maynard Keynes (1883–1946)

Thus the traditional analysis is faulty because it has failed to isolate correctly the independent variables of the system. Saving and investment are the determinates of the system, not the determinants. They are the twin results of the system's determinants, namely, the propensity to consume, the schedule of the marginal efficiency of capital and the rate of interest. These determinants are, indeed, themselves complex and each is capable of being affected by prospective changes in the others. But they remain independent in the sense that their values cannot be inferred from one another. The traditional analysis has been aware that saving depends on income but it has overlooked the fact that income depends on investment, in such fashion that, when investment changes, income must necessarily change in just that degree which is necessary to make the change in saving equal to the change in investment.

John Maynard Keynes (1883–1946)

the public, called 'forced saving' or the like). This leads on to the idea that there is a 'natural' or 'neutral'[1] or 'equilibrium' rate of interest, namely, that rate of interest which equates investment to classical savings proper without any addition from 'forced savings'; and finally to what, assuming they are on the right track at the start, is the most obvious solution of all, namely, that, if the quantity of money could only be kept *constant* in all circumstances, none of these complications would arise, since the evils supposed to result from the supposed excess of investment over savings proper would cease to be possible. But at this point we are in deep water. 'The wild duck has dived down to the bottom—as deep as she can get—and bitten fast hold of the weed and tangle and all the rubbish that is down there, and it would need an extraordinarily clever dog to dive after and fish her up again.'

Liquidity trap

John Maynard Keynes (1883–1946)

No wonder that such wicked sentiments called down the opprobrium of two centuries of moralists and economists who felt much more virtuous in possession of their austere doctrine that no sound remedy was discoverable except in the utmost of thrift and economy both by the individual and by the state. Petty's 'entertainments, magnificent shews, triumphal arches, etc.' gave place to the penny-wisdom of Gladstonian finance and to a state system which 'could not afford' hospitals, open spaces, noble buildings, even the preservation of its ancient monuments, far less the splendours of music and the drama, all of which were consigned to the private charity or magnanimity of improvident individuals.

John Maynard Keynes (1883–1946)

out, if it should be even plausible. But apart from this contemporary mood, the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas. Not, indeed, immediately, but after a certain interval; for in the field of economic and political philosophy there are not many who are

John Maynard Keynes (1883–1946)

influenced by new theories after they are twenty-five or thirty years of age, so that the ideas which civil servants and politicians and even agitators apply to current events are not likely to be the newest. But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil.

John Maynard Keynes (1883–1946)

MR. KEYNES AND THE "CLASSICS"; A SUGGESTED INTERPRETATION[1]

By J. R. Hicks

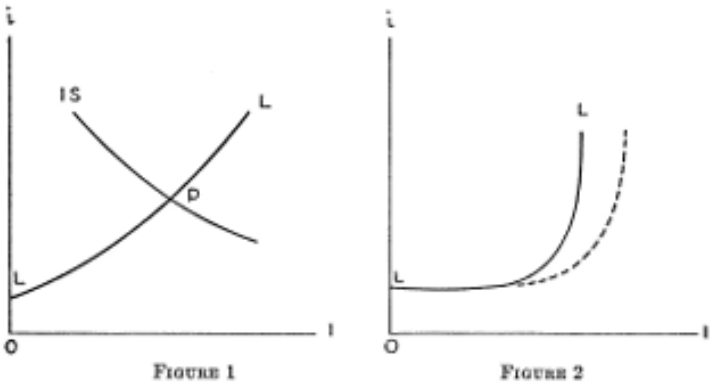
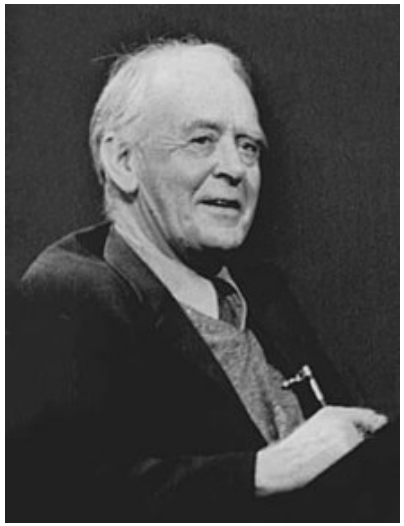


Figure 1 Figure 2

The *General Theory of Employment* is a useful book; but it is neither the beginning nor the end of Dynamic Economics.

J. R. Hicks

Gonville and Caius College
Cambridge



Sir John Richard Hicks (1904–1989)

J. R. Hicks (1937) "Mr. Keynes and the "Classics"; A Suggested Interpretation", *Econometrica*, 5 (2), pp. 147-159

Michał Kalecki (1899–1970)

Michał Kalecki (1899–1970)

Centrality of distribution of income

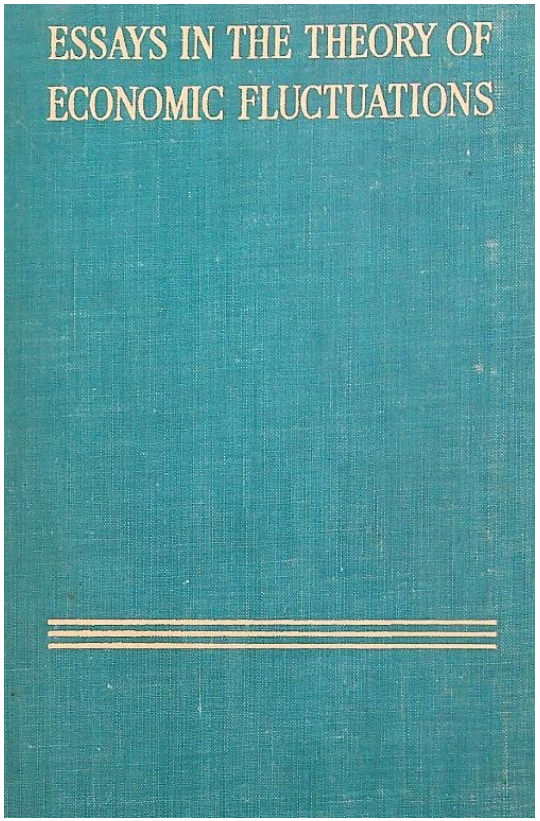
Non-competitive framework of price determination

A MACRODYNAMIC THEORY OF BUSINESS CYCLES[1]

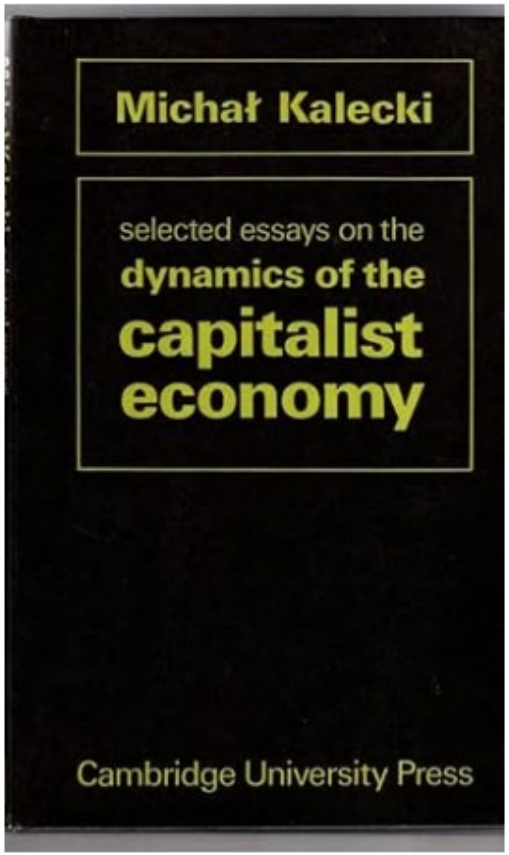
By M. Kalecki

Paper presented at the meeting of the Econometric Society, Leyden, October 1933.

Michał Kalecki (1899–1970)

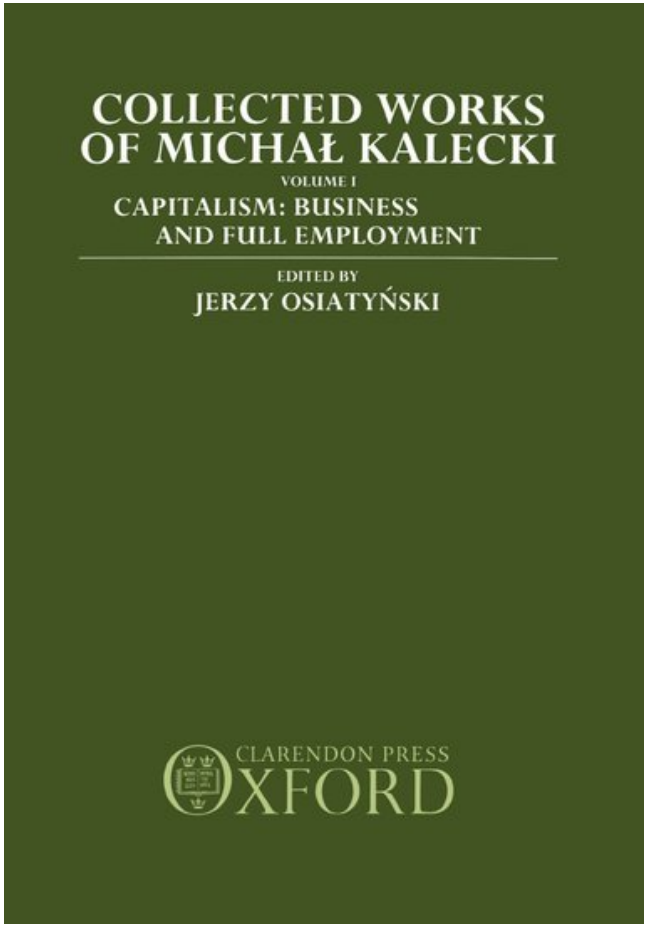


Essays in the Theory of Economic Fluctuations, Allen & Unwin 1939



Selected Essays on the Dynamics of the Capitalist Economy 1933–1970, Cambridge UP, 1971

Michał Kalecki (1899–1970)



7 volumes

Michał Kalecki (1899–1970)

Y=National Income
C=Consumption
I = Investment
W=Wage Bill
P=Level of Profits
c_p=Capitalists propensity to consume
Workers' propensity to consume = 1

Michał Kalecki (1899–1970)

$$\left.\begin{array}{c} I + W + c_p P = Y \\ W = Y - P \end{array}\right] \Rightarrow$$

$$I + (Y - P) + c_p P = Y \Rightarrow$$

$$I + Y - (1 - c_p) P = Y \Rightarrow$$

$$P = \frac{I}{1 - c_p}$$

Profit equation

Michał Kalecki (1899–1970)

Bowley's Law (1937): Wage share of national income constant through time.

$$q = P/Y$$

Michał Kalecki (1899–1970)

$$q = \frac{P}{Y} \Rightarrow P = qY$$

$$qY = \frac{I}{1 - c_p} \Rightarrow$$

$$Y = \frac{1}{1 - c_p} \frac{I}{q}$$

Michał Kalecki (1899–1970)

One final problem remains: the determination of the profit share. Kalecki assumed three hypotheses to solve this problem:

(1) Perfect competition does not exist.
(2) Average variable costs of the firms are constant up to the point of full utilization of the plant and/or full employment.
(3) Prices are set by the firms in relation to the average variable costs and the average price prevailing in the industry in which they operate.

Screpanti & Zamagni, *Outline*

Michał Kalecki (1899–1970)

Thus, given the degree of monopoly of the various firms, their cost curves, and their relative contributions to the output of the industry, the average profit margin of the industry depends on the average degree of monopoly and does not vary with changes in the level of output. This reasoning can be extended to the whole economy (which, for simplicity, we assume closed). Given the average profit margin of the whole economy, the profit—wage ratio is known. An increase in investment raises aggregate demand. If there is not full employment or full utilization of plant, the firms can satisfy the increased demand by expanding production without modifying prices. Therefore, the level of income can increase with no changes in income distribution. This depends on the structure of the markets. The lower the competition, the higher, on average, are the prices with respect to variable costs, and the higher are the profits with respect to wages. Later Kalecki reinterpreted the 'degree of monopoly' in such a way as to take into account class conflict and, in particular, the role played by wage bargaining in the determination of the distribution of income. In this way the theory became

Michał Kalecki (1899–1970)

POLITICAL ASPECTS OF FULL EMPLOYMENT'

By M. KALECKI

Volume 14, Issue 4
October 1943
Pages 322-330

Michał Kalecki (1899–1970)

The reasons for the opposition of the "industrial leaders" to full employment achieved by Government spending may he subdivided into three categories: (i) the dislike of Government interference in the problem of employment as such; (ii) the dislike of the direction of Government spending (public investment and subsidising consumption); (iii) dislike of the social and political changes resulting from the *maintenance* of full employment. We shall examine each of these three categories of objections to the Government expansion policy in detail.

Michał Kalecki (1899–1970)

4.—We have considered the political reasons for the opposition against the policy of creating employment by Government spending. But even if this opposition were overcome—as it may well be under the pressure of the masses—the *maintenance* of full employment would cause social and political changes which would give a new impetus to the opposition of the business leaders. Indeed, under a regime of permanent full employment "the sack" would cease to play its role as a disciplinary measure. The social position of the boss would be undermined and the self assurance and class consciousness of the working class would grow. Strikes for wage increases and improvements in conditions of work would create political tension. It is true that profits would be higher under a regime of full employment than they are on the average .under *laisser-faire*; and even the rise in wage rates resulting from the stronger bargaining power of the workers is less likely to reduce profits than to increase prices, and thus affects adversely only the *rentier* interests. But "discipline in the factories" and "political stability" are more appreciated by the business leaders than profits. Their class instinct tells them that lasting full employment is unsound from their point of view and that unemployment is an integral part of the " normal " capitalist system.

Michał Kalecki (1899–1970)

In this situation a powerful block is likely to be formed between big business and the *rentier* interests, and they would probably find more than one economist to declare that the situation was manifestly unsound. The pressure of all these forces, and in particular of big business—as a rule influential in Government departments—would most probably induce the Government to return to the orthodox policy of cutting down the budget deficit. A slump would follow in which Government spending policy would come again into its own.

This pattern of a "political business cycle" is not entirely conjectural; something very much like that happened in the U.S.A. in 1937-1938. The breakdown of the boom in the second half of 1937 was actually due to the drastic reduction of the budget deficit. On the other hand, in the acute slump that followed the Government promptly reverted to a spending policy.

The regime of the "political business cycle" would be an artificial restoration of the position as it existed in nineteenth century capitalism. Full employment would be reached only at the top of the boom, but slumps would be relatively mild and short lived.

The fight of the progressive forces for full employment is at the same time a way of *preventing* the recurrence of fascism.

End of Lecture

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